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G. A. Bryant: A builder puts the Austin Co. on television - to explain television (page 6)

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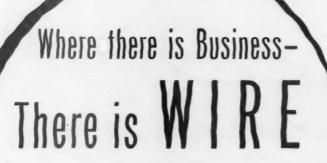
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THE COVER

George A. Bryant, president of the Austin Co., believes in working to all hours. Bryant eats, sleeps, and thinks Austin Co. That may be a main reason for the success of his organization, which plans, builds, and equips factories, offices, and airports in the U.S. and abroad.

Bryant, now 59, formerly played golf, but gave it up years ago as a waste of time. He does not drink, smoke, or play poker. Occasionally he takes a week off during the winter months to soak up some Florida sunshine, but instead of a vacation it invariably turns into a business trip—with Bryant making copious notes on the local situation in the fertilizer, cement, and packing industries, or going on a personal inspection trip through some 10-to-20-year-old structures that Austin built.

• Into New Fields—Bryant's disciplined, probing mind keeps him alert to opportunity. This is a particularly desirable executive trait in the construction field, which is highly competitive. Bryant was in no small degree instrumental in getting his company's foot in the door of aviation in 1918, the same year he became Austin's general sales manager. He was quick to grab contracts in 1930 for the design and construction of the Russian industrial center of Gorki.

Now, after several years of planning under Bryant's direction, Austin is building for television in a big way.

• Engineering Background—Bryant was born in Chicago, received an engineering education at the University of Illinois, and became a field engineer with the Austin Co. in 1913. When he took the job of general manager of the company during the depression, Bryant turned his company toward research and the development of new and more efficient building ideas. Among them: welded cross-sections for almost every type of factory, use of glass block and colored concrete; new lighting designs.

-Article on the Austin Co.'s television venture begins on page 25.

PAGE

BUSINESS OUTLOOK

BUSINESS WEEK

in

Manufacturers continue to be conservative on inventories.

Caution was a considerable factor in minimizing last year's spring dip in business. It may be working in the same direction again this year.

After President Truman's St. Patrick's Day speech on preparedness, prices firmed up. Inventory became a good investment once more.

Yet purchasing agents didn't jump in with both feet. Manufacturing inventory went up only \$122-million in March—less than $\frac{1}{2}$ %. In April there was no material change, the Dept. of Commerce says.

Of course, the strongest price structure is in metals. Manufacturers probably couldn't add much to metal stocks even if they tried.

Sales of manufacturing industries seem to be on a temporary plateau. Dollar volume hit a new high of \$18.3-million in March. April was down 4%; allowance for one less working day washes out the decline, however.

Inventory troubles—if any develop—are most likely to appear at the distributive level. Wholesalers and retailers added a good bit to their stocks in March.

Preliminary figures on wholesalers point to further gains in April. Their stocks now are about 10% higher than a year ago.

Biggest percentage gains are in items that were very hard to get until recently: lumber and building materials, up 47%; paper and paper products, 41%; plumbing and heating equipment, 27%; electrical goods, 23%.

Of course, in these lines, stocks were extremely low a year ago. Thus, even a modest gain in inventory makes a spectacular percentage figure.

Wholesale collection ratios don't indicate any retail cash pinch.

In May, collections totaled 102% of accounts receivable. A year earlier, the ratio was 106%.

Even so, receivables are up 15% in a year. This, however, makes no allowance for the price rise over the 12 months.

Retail inventories continue to run very high in dollars.

Department stores stocks, as compiled by the Federal Reserve Board, were \$942-million last Christmas. They almost duplicated that in March—a month of seasonal slack—with \$941-million. April shows \$936-million.

However, there is a significant change in the department stores' position. They don't have to buy as far ahead now as they did earlier.

Outstanding orders at the end of April were \$358-million against \$388-million for April, 1947. The peak was \$584-million last December.

Better balanced wholesale inventories undoubtedly are helping stores to keep orders somewhat closer to delivery dates.

The shoe business is in a peculiar fix—some say it's a normal seasonal slack; others call it an extreme case of consumer resistance.

Retailers complain that shoes just aren't moving. They are quick to lay the blame on high prices.

Manufacturers are sorry; but they in turn cite booming hide prices.

Meanwhile, production is lagging. And wholesalers' shoe inventories at the end of April were up 48% from a year earlier, sales only 8%.

Huge tax collections each Mar. 15 are having an important effect on

MINERSITY OF MICHIGAN LIBRARIES

PAGE 9

BUSINESS OUTLOOK (Continued)

BUSINESS WEEK JUNE 12, 1948 seasonal variations in business (page 19). No taxpayer has to be told that he loses a big hunk of purchasing power to the Treasury each March.

This wasn't such a big deflationary factor during the war: Uncle Sam took the money in with one hand, passed it out with the other.

This year, though, cash income topped cash outgo by some \$7-billion (on an annual basis). That's a terrific bite out of the income flow. Industries depending on retail volume naturally felt consumers' pains.

Now suppose these industries have a normal seasonal dip in the spring. The tax drain plus the deflationary surplus deepens the downswing.

A unique seasonal pattern—that has nothing to do with industrial output—is found in purchases and redemptions of baby bonds.

From January through March, sales run well above cash-ins for E bonds.

Then, right after the tax date, redemptions begin to run ahead. It happened last year. The pattern is exactly the same in 1948. Redemptions topped sales by \$26-million in April, by \$9-million in May.

A partial explanation is that big investors buy the \$10,000 limit of E bonds early each year. But the sales upturn starts before Jan. 1.

World markets for a few raw materials show symptoms of trouble.

Sugar, for one, is in a touchy position. Cuba has about finished grinding a record crop of some 6.5-million tons. Dollar-short consuming countries aren't in a position to fill their needs.

Meanwhile, the U. S. has twice cut its consumption quota. This slices Cuba's share of our market down to 2,450,309 tons in 1948.

The island fears it will wind up with a surplus of more than a million tons. That's tough on an economy based mainly on sugar, tobacco, fruits and vegetables—unless Marshall Plan dollars come to the rescue.

Fancy prices gradually seem to be restoring competition in cotton.

Farmers in this country apparently are increasing acreage quite a bit this year. More field hands, more fertilizer, and more machinery combine with a 38ϕ -a-lb. price to bring this about.

Competing countries—Egypt, for one—also appear to be seeding more.

Meanwhile, this country is using less—about 700,000 bales or 10% less in the first nine months of the cotton season. Sharply reduced exports of American-made cloth is a factor in the consumption drop.

Surpluses aren't back yet. But the futures market still is predicting that U. S. cotton will sell $5 \not\in a$ lb. cheaper after the harvest.

Cotton exports are lagging, pending foreign-aid stimulus—1,326,487 bales in eight months ended Mar. 31 against 2,633,696 a year ago.

Two sources of aid are counted on: (1) restoration of the full Marshall Plan appropriation, and (2) authorization of the \$150-million revolving fund for purchases by Japan and Germany.

Moving part of our surplus tobacco and, at the same time, supplying an incentive for western Germany's production is the nub of Washington's latest trade deal for Bizonia.

The program is to sell 30-million to 40-million lb. of tobacco. About a third of the cost would be borne by the U. S. government.

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FIGURES OF THE WEEK

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	§ Latest Week	Preceding Week	Month Ago	Year Ago	1941 Average
Business Week Index (above)	*193.9	†194.2	191.2	186.4	162.2
PRODUCTION					
Steel ingot operations (% of capacity)	96.1	96.0	94.3	96.9	97.3
Production of automobiles and trucks	75,959	192,772	84,684	98,499	98,236
Engineering const. awards (Eng. News-Rec. 4-week daily av. in thousands) Electric power output (million kilowatt-hours)	\$25,297 4,845	\$24,214 5,076	\$24,273 5,087	\$20,200 4,635	\$19,433
Crude oil (daily average, 1,000 bbls.)	5,476	5,452	5,413	5,064	3,842
Bituminous coal (daily average, 1,000 tons)	2,303	12,287	2,312	2,181	1,685
TRADE					
Miscellaneous and L.C.L. carloadings (daily average, 1,000 cars)	84	81	83	85	86
All other carloadings (daily average, 1,000 cars)	67 \$27,895	65 \$27,700	66 \$27,762	\$28,261	\$9,613
Department store sales (change from same week of preceding year)	+18%	+7%	+7%	+12%	+17%
Business failures (Dun & Bradstreet, number)	91	112	108	66	228
PRICES (Average for the week)				***	****
Spot commodity index (Moody's, Dec. 31, 1931=100)	426.1 277.0	426.9 275.5	416.4 274.5	399.0 261.4	198.1 138.5
Domestic farm products (U. S. Bureau of Labor Statistics, Aug., 1939=100)	394.3	393.7	374.8	349.0	146.6
Finished steel composite (Steel, ton)	\$80.27	\$80.27	\$80.27	\$69.82	\$56.73
Scrap steel composite (Iron Age, ton)	\$40.66	\$40.66	\$40.66	\$32.00	\$19.48
Copper (electrolytic, Connecticut Valley, lb.)	21.500¢	21.500¢	21.500¢	21.740¢	12.022
Wheat (Kansas City, bu.). Sugar (raw, delivered New York, lb.).	\$2.39 5.27¢	\$2.36 5.25¢	\$2.42 5.12¢	\$2.56 6.19¢	\$0.99
Cotton (middling, ten designated markets, lb.)	37.53¢	37.80¢	37.36e	37.11e	13.94¢
Wool tops (New York, lb.)	\$1.996	\$1.995	\$1.911	\$1.448	\$1.281
Rubber (ribbed smoked sheets, New York, lb.)	22.70¢	22.78∉	23.60¢	17.53¢	22.16
FINANCE					
90 stocks, price index (Standard & Poor's Corp.)	132.7	132.8	125.3	115.5	78.0
Medium grade corporate bond yield (30 Baa issues, Moody's)	3.34% 2.75%	3.34% 2.75%	3.41% 2.77%	3.21%	4.33% 2.77%
Call loans renewal rate, N. Y. Stock Exchange (daily average)	11%	11%	11%	14-14%	1.00%
Prime commercial paper, 4-to-6 months, N. Y. City (prevailing rate)	13%	11%	11%	1%	1-8%
BANKING (Millions of dollars)					
Demand deposits adjusted, reporting member banks	46,646	46,856	46,529	46,627	1127,777
Total loans and investments, reporting member banks	62,936	63,129	63,132	62,909	1132,309
Commercial and agricultural loans, reporting member banks Securities loans, reporting member banks	14,113	1,838	14,205	11,752 2,410	††6,963 ††1,038
U. S. gov't and gov't guaranteed obligations held, reporting member banks	35,218	35,298	35,640	38,536	++15,999
Other securities held, reporting member banks	4,197	4,199	4,246	4,088	114,303
Excess reserves, all member banks	920	710	860	626	5,290
Total federal reserve credit outstanding *Preliminary, week ended June 5th.	21,292	21,201	20,856	22,234	2,265
					on request.



CITY HALL, LAWRENCE, MASS. Monday Evening, May 28

THE MIRACLE

ONE DISCOVERY OF THE AGE

Prof. A. Graham Bell, assisted by Mr. Frederic A. Gower, will give an exhibition of his wonderful and miraculous discovery The Telephone, before the people of Lawrence as above, when Boston and Lawrence will be connected via the Western Union Telegraph and vocal and instrumental music and conversation will be transand instrumental music and conversation will be transmitted a distance of 27 miles and received by the audience in the City Hall.

Prof. Bell will give an explanatory lecture with this

Cards of Admission, 35 cents Reserved Seats, 50 cents Sale of seats at Stratton's will open at 9 o'clock,

71 years ago a new kind of magic was being featured

According to the handbill pictured above, "a wonderful and marvelous discovery, the Telephone," was to be demonstrated on the evening of May 28, 1877. Though the event was front page news, perhaps only Bell saw in it a vision of the marvelous present-day long-distance service.

Today, Exide Batteries not only help to carry your voice over thousands of miles of telephone wire and cable, but there are Exide Batteries for every storage battery need. They

supply power for battery electric industrial trucks and mine haulage units; they are used by power companies and radio broadcasting stations; on railroads they supply dependable power for car lighting,



air-conditioning, Diesel engine cranking and signal systems; on ships and aircraft they perform many tasks; and on millions of cars, trucks and buses they give daily proof that "When it's an EXIDE-you start!"

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Information regarding the application of storage batteries for any business or industrial need is available upon request.

THE ELECTRIC STORAGE BATTERY CO. Philadelphia 32
Exide Batteries of Canada, Limited, Toronte

WASHINGTON OUTLOOK



WHO RUNS THE REPUBLICAN PARTY for the next four years?—that's the issue underlying the battle

in Congress over how much money Europe gets.

It's a prelude to Philadelphia. It's the G.O.P. Old Guard using Speaker Martin's control over the House to make a convention-eve challenge.

What they're demonstrating: Vandenberg's 2-party foreign policy is now a $1\frac{1}{2}$ -party policy.

At stake is the presidential nomination. The Old Guard have chosen to make their bid on a proposition they think is close to the hearts of the party rank and file—curbing spending on foreigners.

They are tagging Vandenberg and the G.O.P. New Guarders as the ones intent on spending billions to bail out Europe.

That's why Martin (who wants to be President) and floor leader Halleck (who wants to be Vice-President) rammed through Taber's 25% cut in Marshall Plan money.

The play began as a stop-Vandenberg maneuver. As such, it is working.

Vandenberg's best bet for the nomination lay in his acceptability to the whole party if the front runners deadlocked. Now, this money fight fences Vandenberg off as a leader of one particular faction—ranged right alongside Dewey and Stassen in the New Guard.

But the play involves more than just Vandenberg.

You no longer have the Republicans able to concentrate at Philadelphia on pleasant politicking over personalities. Party leaders had hoped to keep the disquieting foreign issue comfortably in the background.

The House, by its action on ECA funds, put a stop to that.

So the delegates at Philadelphia will have to make a conscious choice between the two kinds of Republicans—the Dewey-Stassen-Vandenberg kind or the Taft-Bricker-Martin kind.

BUSINESSMEN WATCHING foreign markets can discount, for now, the squabble over Marshall Plan money.

Vandenberg will get nearly every dollar put back that the House cut off. He has the Senate overwhelmingly behind him, His argument: It doesn't matter whether Paul Hoffman can show a specific need for each dollar of the \$5.3-billion. The point is, Europeans are looking at that figure; any cut will seem to them as if we are walking away from the Marshall Plan.

But this money fight will come up again next year—and every year while the Marshall Plan runs.

Taber will be back next year, for example, still dictating to the House on spending. So will the clique that has cracked the bi-partisan front just before the convention.

Even with a New Guard Republican as President, this clique will be dragging their feet next year; should an Old Guarder reach the White House, they would have things their own way.

You could be sure then that ECA would reduce to a 4-F program—food, fiber, fuel, fertilizer. There would be no money for machinery and industrial goods for reconstruction.

When Taber tried to slash $25\,\%$ off the first year's fund, you got a sample.

At least two-thirds of the money supposed to be spent by next spring is slated to go for the 4-F part. Already, Hoffman is spending money at an annual rate equal to the full amount of \$5.3-billion—without even touching the reconstruction part.

Necessarily, if a cut as big as Taber's were to stick, most of it would have to come out of the reconstruction one-third—out of the dollars for industrial stuff.

MILITARY STOCKPILING is being shunted aside for another year.

That's the price Truman has decided to pay to avoid a showdown with Congress on government allocation of industrial materials. The inter-departmental committee we told you about last month (BW-May22'48,p15) has reported to Truman:

If there's no heavy stockpile buying, you can get by without controls; but if you want a real stockpile you've got to have mandatory allocations. The report emphasized that the \$300-million stockpile program over the next year is really more of a threat to materials supply than the total of projected munitions production.

So, Truman told his people to carry on only what stockpiling they could. They know it won't be much.

TRUMAN'S ATTEMPT TO REBUILD his popularity with a cross-country trip is falling flat.

His decision to leave his professional political

WASHINGTON OUTLOOK (Continued)

handlers behind is resulting in a series of amateurish fumbles.

At Omaha, Truman talked to a nearly empty stadium because his old Army crony, Ed McKim, let the impression get around that only 35th Division veterans were invited.

Also, Nebraska delegates—pledged to Truman—were brushed off when they asked for a little time with the President.

Montana delegates were peeved because they weren't invited to ride across the state on the presidential train—a junket of home-town import to many a politico.

WE UNDERSTATED THE CASE last week in telling you about the bitter dissension inside Truman's Cabinet.

It's even more of a mess than we said. Take Marshall's request for a 48-hour delay in recognizing Israel.

We said Clark Clifford forgot to relay this request to Truman. It wasn't quite that way, we've now learned. Here's what happened:

Truman summoned Marshall to the White House on Friday afternoon, May 15, to tell him that the U. S. would recognize Israel at 6 p.m. (midnight, Palestine time).

Marshall asked 48 hours in which to square things with the British—and to call off Austin, who even then was on the UN floor pushing trusteeship.

Truman said: No, recognition was to be immediate, and a surprise. Marshall was to tell no one—but he finally got permission to phone Austin at 5:15.

The call didn't get through until 5:45 and then the news so upset Austin that he retired to his hotel without tipping off his deputies. They were still on the floor when the news came through.

The Palestine dissension inside the Cabinet involves Forrestal as well as Marshall; he has been Marshall's ally all along.

But that's only half the hot water Forrestal is in with Truman. The other half: his failure to get anywhere at unifying the armed forces.

That the U.S. has three services, not one, is becoming painfully obvious.

It dates back to the Finletter Air Policy Board, which was completely unable last winter to get an overall strategic concept from the Joint Chiefs of Staff. Then you had the exhibition of Air Secretary Symington openly lobbying for a 70-group Air Force

while his boss, Forrestal, was recommending 55 groups.

Most recent is the flat disagreement between Admiral Denfield and General Spaatz—Navy and Air Force chiefs of staff—as to whether the joint chiefs had ever approved the Navy's supercarrier scheme. Denfield told the House Appropriations Committee that it had; Spaatz said it had not.

The House approved Denfield's carrier anyway—just as readily as it had already okayed Symington's airplanes.

VANDENBERG-DEWEY TICKET enthusiasts are casting about for ways of making the vice-presidency a more attractive job.

For instance, Roy Roberts of Kansas City talks of urging Herbert Hoover, who is now studying government reorganization, to do this: come out before the G.O.P. convention in favor of making the vice-presidency a top administrative job—an assistant President.

It's not a new idea. Rep. Mike Monroney, coauthor of last year's congressional reorganization law, has a constitutional amendment providing for two vice-presidents—one an understudy at the White House.

AIRPLANE DESIGNERS: Got any ideas for a really good reconnaissance plane? Air Force strategists are interested.

They are realizing that the atom bomb makes reconnaissance planes more important relative to bombers than they were in 1,000-plane raids.

Nowadays, when you wipe out a city, there is only a lone tail gunner to watch what happens—and he'd better be a long way off when the bomb bursts. So, you would need several photo flights to follow up each single bomber flight.

Alternative? Why not a television camera and transmitter in the nose of the bomb, to tell you where it hits.

• Our friends who hob-nob with Soviet officials here tell us that the Russians keep talking about June 30 as if something important to U. S.-Soviet relations were supposed to happen then. . . .

 Paul Hoffman soon will designate Commerce Dept.'s 46 field offices as points of contact with ECA for businessmen. . . .

• Small businessmen can no longer get a priority on war surplus goods by buying through RFC. The RFC extension act dropped this provision. Deals in the works will be carried out. SC

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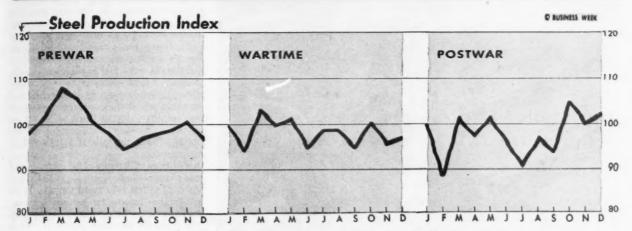
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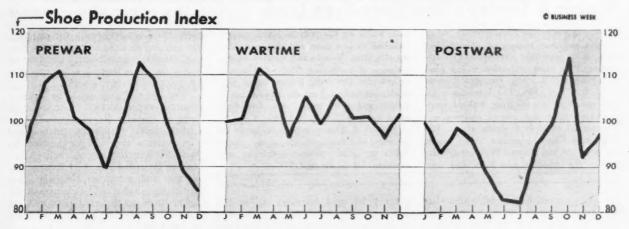
BUSINESS WEEK

NUMBER 980

JUNE 12, 1948



In some industries there still is no sign of the old seasonal fluctuations, but . . .



In others the seasonals may be coming back to form . . .

New Seasonal Patterns in Industry

The war knocked familiar sales curves out of shape. Now some of them are beginning to reappear—but with differences.

Seasonal business swings practically disappeared in many lines of business in wartime. Now they're on their way back

wartime. Now they're on their way back.
Little by little, the seasonal pattern is beginning to show up more in production and sales. There were seasonal variations, of course, that were never erased by the war. But enough has happened recently to make it possible to label the activity as the beginning of a resumed trend.

• Refrigerators—This week, for example, retailers were reporting heavy sales demand again for household refrigerators. They said they anticipated the demand would stay high until August or September, when sales are expected to

slacken in accordance with the usual seasonal pattern.

• Tires—A few weeks ago the tire industry began to pick up production after a first-quarter slump. Tire output is expected to remain high through the summer, when tires are in greatest demand, and taper off as bad driving weather returns.

 Metalworking—Last summer the president of a small metalworking company took a look at his order books and nearly had a heart attack.

Production, which had been running along close to capacity, was scheduled to drop almost 30% in June.

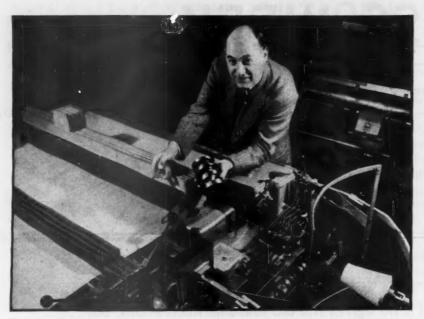
While the president was still gasping

the sales manager enlightened him. The firm's two biggest customers had decided to close down their entire plants for vacation in the first part of July. After that they would be back in the market as usual.

• More Coming—These are only three instances where companies have experienced dips in their sales and production curves. More and more companies will have similar experiences as the seasonal pattern spreads over a larger section of the industrial map of America.

Business veterans were not often fooled by the return of seasonal swings in their companies' activities. They knew from experience that it was a normal thing in their lines of business and had been expecting it to return ever since the war ended.

But others, principally newcomers in



Warner & Swasey's New Swiss-Type Loom

Warner & Swasey Co.'s revolutionary Sulzer weaving machine, announced officially last week, is no overnight development. Engineering it for mass-production took a good two years—and a whole engineering corps (BW-Jun.21'47,p50). The extensive redesign aimed at simplification without sacrifice of precision, and ease of maintenance. One typical example is shown above: The Swiss used a barrel-type cam (right) requiring a lot of machining. W.&S. engineers replace the complex cam with flat cams

(left) which are blanked, hardened, ground, broached six at a time, and contour-finished ten at a time. Weight and material savings, exclusive of machining: 95%. Other innovations on the basic Sulzer loom: alloy steels, antifriction bearings, elimination of leather and most wood parts, fine-adjustment features.

Warner & Swasey expects to make the precision weaving machines at the rate of 3,000 per year, without interfering with machine-tool production.

business, jumped to the conclusion that a business recession was starting; or that they were losing out to their competitors; or that the market for their product was getting overloaded. Sometimes they were right. But often sales snapped back as suddenly and mysteriously as they had dropped.

• Reason—The explanation which they lacked is simple: The familiar seasonal variations of business were practically blotted out in the rush of wartime production. Now some of them are beginning to reappear. Also, a whole crop of new seasonals is developing

new seasonals is developing.

• Calling the Turn-From now on, any

• Calling the Turn—From now on, any executive who finds business suddenly dropping out from under him will have to ask himself whether he is dealing with a seasonal or a fundamental trend. His answer may make a lot of difference in the policies he adopts. If business really is going to pot, he will have to cut his commitments, reduce his labor force, lower his production targets. But if all he has to worry about is a seasonal letdown, the smart thing is to keep his working force intact and wait for business to pick up.

All this sounds fine in theory. In

practice, it may take months to tell whether a particular movement is trend or seasonal. But even so, the first company to figure out the right answer and act on it will be just that much ahead of its competitors.

• Basic Types—By definition, a seasonal is a fluctuation recurring regularly every year according to more or less the same pattern. Often the seasonal is swallowed up by larger movements either up or down. And over a period of years the seasonal pattern can change, reflecting changes in the basic factors that account for it.

Some seasonals result directly from changes in the weather through the course of the year. Ice cream consumption is a good example.

Others have their roots in convention or custom. There is no natural law that says man shall eat turkey on the last Thursday of November. But that's the custom, and turkey growers build their plans around the Thanksgiving market.

• Familiar Patterns—In some industries, the seasonal is so important that everybody knows about it and allows for it in his planning. The toy trade spends all year building up for the Christmas rush. Florists have their big days ticketed months ahead. Electric utilities brace themselves for the peak loads that come in winter and take the summer drop without worrying.

In other lines, the seasonal may not be so plain. Often, only elaborate statistical hocus-pocus will dig it out. But in ordinary times, most industries do have a seasonal of one sort or another. Before the war, steel production usually dropped a bit in the summer. Demand for automobiles rose in the spring and dropped off sharply with the start of bad weather. Retail trade followed an intricate schedule with peaks in the spring, the early fall, and just before Christmas.

• Wartime Changes—The war wiped out some of these seasonals entirely and knocked others into weird shapes. With production lagging far behind demand, manufacturers didn't worry about finding a market for their products. They kept their plants going as hard as they could clear around the calendar.

Many industries still show no sign of working back into their old seasonal routines. The steel mills, for instance, are running as close to capacity as they can, month-in-month-out. They are on much the same footing now as in wartime (upper chart, page 19).

The zigs and zags would be less pronounced in the postwar chart if the effects of strikes were eliminated.

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Automobile plants are turning out cars as fast as they can get the steel for them. Before the war all auto plants used to close down in the fall for model changes and retooling. Now the companies are making model changes at different times, so that over-all production for the industry does not show a big dip at one time.

• Postwar Trends—But elsewhere, there are signs that the old seasonals are coming back. The construction industry again shows a big summer peak and a swift drop when bad weather starts. This results from the increase in homebuilding and the disappearance of the big defense projects. Work on wartime installations was pushed year round. But residential building is concentrated in the summer when the weather is good.

The shoe industry also seems to be getting back into a seasonal swing. Last year, sales and production faded out abruptly in the early spring (lower chart, page 19). Shoe manufacturers got a bad case of fidgets. Dire predictions circulated through the industry. But in midsummer production began a fast comeback. The pattern that it finally traced out for the year looked surprisingly like the prewar seasonal.

• New Factors—Not all of the new seasonals follow the same pattern as their prewar ancestors. The electric power production curve, for instance, seems to have taken on a new shape. True, it

still has its peak in the winter and its low in the summer. But the dips are lower and the peaks are higher.

The growing trend toward plant-wide shutdowns for summer vacations (BW-May29'48,pl9) is presenting many industries with a new seasonal headache. This is something that was almost unknown before the war.

• Fiscal Policies—And behind everything else, the seasonal rhythm of government spending and tax collecting has taken on greater importance because of its enormous size. Directly or indirectly this can affect practically all business.

Government collections are bunched in the first quarter of the year. In 1948, for instance, the Treasury took in around \$7-billion more than it spent during the first three months. In the remaining nine months it will spend

more than it takes in-or at best run a very modest surplus. This means that in the first quarter it was taking spending power away from individuals and corporations hand over fist; from now on, it will be adding to the purchasing power of consumers and businesses. • Perspective Needed-It will be a long time before anyone can figure out the new seasonals precisely and apply them to economic forecasts and analysis. One year doesn't make a seasonal. But while the new patterns are emerging, it will be smart for a businessman to keep the subject of seasonals in the back of his head. And any executive whose business showed a strong seasonal before the war might dig out his old figures and look them over. They may tell him a lot about the direction he is headed

price includes a 17¢-a-ton hike this April and also covers a freight hike of 5¢ a ton.

• Anthracite Too—Domestic anthracite hasn't gone up so much as bituminous in Cleveland. It was \$20 a year ago. Now it's \$20.75. But just last week, a Pennsylvania anthracite operator, Hudson Coal Co., said it had increased wholesale prices 15¢ to 30¢ a ton in the Scranton area. Other operators followed suit. And, contrary to custom, coal prices around Scranton haven't been reduced for spring and summer coal buyers.

• Oil Comes Higher—The nation's 3.5-million users of domestic heating oil have been hit still harder. This type of oil has gone up more than 30% in some cases. A year ago, householders in the Midwest with small tanks were paying 10.5¢ a gal. Now it's 13.8¢, or even higher. On the East Coast, a domestic user could get a gallon for about 9.5¢ last summer. Now the usual price is 12.5¢. This week, rumors of new advances were going around the oil industry.

Industrial users of residual oil—what's left when gasoline and heating oils are distilled from crude—are paying more, too. Their fuel has increased from about 114 to 214 a gallon.

• And Gas—Natural gas is also on the way up. More gas companies were allowed rate increases in the first third of 1948 than in all 1947. This year some 60 companies in 32 states got rate rises up to as high as 33%.

Fuel Prices Moving Up

Coke raised \$1.25 a ton for industrial users, \$1.75 for householders in Pittsburgh last week. Coal, oil, and natural gas also higher. This puts two-way squeeze on many industries.

When prices of industrial and domestic fuels rise, they catch the businessman in a two-way pinch: (1) His own costs go up; (2) the amount of money some of his customers have to spend on his product goes down. They have to buy fuel—but they may be able to get along without his product.

And fuel prices have been going up. The dollars-and-cents boosts have been larger for domestic fuel users in the last year. But the percentage increase has generally been greater on the lower-priced industrial fuels.

• Coke Jump—The most important recent jump has been in coke. Last week, Koppers Co., Pittsburgh, upped the price of carload industrial coke \$1.25 a ton; retail prices were raised \$1.75.

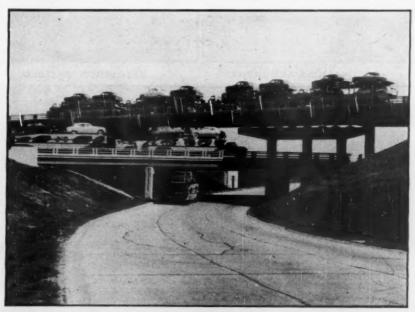
In the Chicago area, industrial users of coke are paying \$17.10 for coke delivered by the carload—a rise of \$3.25 from last July. Around Cleveland, coke users are paying \$2.35 more a ton than they paid a year ago. There was a 75¢-a-ton increase for Cleveland coke buyers in January, and a \$1.50 jump in April.

• A Question of Arithmetic—A little arithmetic shows how that coke rise hits you and your customers. It takes 1½ tons of coal to make a ton of coke. One ton of coke goes to make a ton of pig iron. Half a ton or more of pig goes into a ton of steel. So, for every dollar that industrial coke goes up, steel costs rise 50¢ a ton.

• Bituminous Coal—Domestic coal comes higher than it did last year. In Cleveland, bituminous coal of the most popular grade is up \$1.85 this week from a year ago; it's now \$14.50 a ton. In

Chicago, the same grade of coal costs the householder \$15 delivered, a rise of almost \$3 from April, 1947.

On industrial bituminous, you find Chicago users paying \$7.05 a ton now. This is up \$1.40 from April, 1947. One of the largest users in the Cleveland area is paying about \$6.35 a ton. This



Off in All Directions - At the Same Time

Kaiser and Frazer cars on their way to market at different ends of the map criss-cross at this double overpass near the Willow Run (Mich.) plant. Haulaway trucks on the top level are headed for Chicago; cargo in the second underpass is destined for Detroit and lake shipment. Cars in the underpass are pointed at Toledo and parts south.



CONVENTION HALL GETS ITS FACE WASHED

Philadelphia is spending \$500,000 just to get its city-owned auditorium in shape for the Republican and Democratic conventions starting June 21 and July 12, respectively



NEW HOTELS MADE FROM OLD Chrome shines over Victorian rococo as Walton Hotel becomes the John Bartram

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DECORATIONS ARE HUNG This insurance agent rushed the bunting season. Most will go up later at last minute



TELEVISION READIED WCAU rushed its mast to finish just in time to be an outlet for convention



NIGHTCLUB GIRLS GET SET If asked, these dolled-up lassies will point out the shortest way to . . .



AND NIGHTCLUB OWNER INSTALLS EIGHT TELEVISION SETS

... Frank Palumbo's Click Club. Conventioneers who can't make it to the hall can drop in here and-in air-conditioned comfort, with drink in hand-view the doings on any one of eight video sets set up along the 598-ft. bar.



OLD HOTELS MADE LIKE NEW

Scaffolding ropes, signs of last-minute cleaning rush, lie around marquee of the Bellevue-Stratford Hotel. This is general convention headquarters for both Republicans and Democrats



FRATERNITIES BECOME HOTELS A.B.C. technicians will live at D.K.E. house, which got a \$2,000 bonanza for rent

Getting Ready to Cash in on Conventions

Philadelphia businessmen put up \$500,000 – and more – to ure Republicans, Democrats. Result: Visitors will spend \$10-million.

If you've ever been—or expect to be on a convention committee in your city, take a few lessons from the businessmen of Philadelphia.

This week the city is putting the final touches on the preparations for the grand prizes of all convention sweepstakes: the Republican and the Democratic national tonventions.

• Formula—How has the city walked way with so many big national conventions like this? Convention bureau heads from cities across the nation have gone to Philadelphia to find the answer. The formula, according to A'bert M. Greenield, prominent Philadelphia real estate man and convention rustler, is really imple: "Get a good convention bureau. Then be generous enough to pay for our guests' facilities while they are in our city. You'll find it's a good investment."

The investment that Philadelphia businessmen put up just to entice the big olitical conventions to the city comes to 500,000: Each party received a certified heck for \$200,000—and the promise of mother \$50,000 each for entertainment urposes.

Fund Raising—The way this money as raised is a model of civic business coperation. Greenfield, a Democratic concention over two years ago. He knew he as up against stiff competition from arty bigwigs who wanted to take the convention to San Francisco. To block he move, he even went so far as to team

up with Frank B. Murdoch, a prominent Republican lawyer. Together they began to stump for both conventions. Philadelphia newspapers started the ball rolling by contributing \$50,000 for initial expenses. And the Philadelphia Chamber of Commerce sweetened the pot with another \$25,000.

Greenfield says that the cooperation was "magnificent." Everybody from the corner haberdasher to the biggest department store came through. Sums

donated ranged from \$100 to \$10,000. • Video to Fore—Actually Philadelphia's bid for the convention was backed by an ace-in-the-hole that other cities in the game didn't have The Quaker City is the hub of the eastern coaxial-cable television network. By meeting in Philadelphia, both parties would be assured of complete television coverage.

The big three of television (N.B.C., C.B.S., A.B.C.) greeted this idea warmly. They had long hoped that their convention coverage would be a springboard to big-league operations. They even set aside their dog-cat-dog competition for the duration and formed a television pool



CONVENTION GO-GETTERS

Frank B. Murdoch (left), chairman of the mayor's Republican National Convention Committee, and Albert M. Greenfield, in charge of Democratic preparations

to share all the video facilities. In this way they could do the best possible job without a big additional outlay.

• There's Always More-The initial \$500,000 that Philadelphia businesses put up is just the cover charge on the convention bill. A conservative estimate of additional expenses is nearer \$2-million. City fathers have already O.K.'d a \$500,000 outlay for fixing up the cityowned auditorium. So far the building has had its face washed, its acoustics jiggered, and new seats added.

From backstage to rafters the hall will be able to seat 14,000. This will amply take care of the Republicans' 2,088 delegates and alternates, the 1,400 news and radio men, and many of the thousands of visitors and hangers-on. (Democrats will have 1,596 delegates

plus 1,596 alternates.)

· Where to Put Them?-By far the biggest problem for the city was housing. The Philadelphia Hotel Assn. guaranteed 6,000 rooms to each party. These are being assigned by the housing offices of both parties-now amicably doing their advance work on adjoining floors of the famous old Bellevue-Stratford.

But 6,000 rooms just teases the demand. Many a less-than-Very Important Person will find himself bunking in strange quarters during the conventions. The Baldwin School for Girls at Bryn Mawr will house Republican Committeemen. Fraternity houses at the University of Pennsylvania campus have been rented (at prices up to \$2,000 for the two conventions) by radio networks and Time, Inc.

• How Much to Charge?-Hotels as far afield as Wilmington, Del., and Trenton and Atlantic City, N. J., will house overflow crowds. Private homes of all sorts in Philadelphia have been pressed into service; and many a creaking rooming house is letting rooms at

\$10 a day.

The better hotels, however, are watching their rates carefully. At first they planned to double their rates for the conventions. But squawks from all sides touched off a set-to with the mayor's convention committee. So now, the big hotels have agreed to stick to a top markup of 50%. Bennett E. Tousley, manager of the

Bellevue-Stratford and president of the Philadelphia Hotel Assn., explains the hike this way: "The hotels have got to make up some way for the losses they'll incur by turning away regular guests just before and during the con-

vention weeks."

• Details-This week, the convention bureau took a look over the final details. Decoration makers were whipping together acres of red, white, and blue bunting. Newspapers were planning their special convention issues. Lit Brothers' department store ironed out its plans for a daily fashion show-to amuse the wives of delegates. Transportation, always a big problem, got a helping hand from two big companies. Ford Motor Co. said it would furnish 100 new cars, with drivers, for delegates. General Tire & Rubber Co. said that it would operate a fleet for newsmen.

One group that is looking forward with special interest to the conventions is the nightclub owners. Business hasn't been too thriving recently. And they know that more than any other single group, they stand to make the clearest profits from the free-spending convention crowds.

• Is It Worth It?-Despite the cost of bringing the convention to Philadelphia, most businessmen think that their money will be well spent. By the end of both conventions, some 30,000 visitors will have passed through—and spent some \$10-million. And in addition to the hard cash, the international publicity value of the two conventions to the city is immeasureable.

Blow to One-Supplier Retailing

Court rules out oil company's contracts with filling stations to sell only its line of products. Effects may be widespread.

The U. S. District Court in Los Angeles strode into the business spotlight this week: It handed down a decision that may upset the established pattern of marketing a variety of merchandise through gasoline service stations. Its ruling may also affect other retailing fields where exclusive contracts with a single supplier are used.

• Injunction-In a 70-page decision, Judge Leon Yankwich held the Standard Oil Co. of California guilty of violating the Sherman and Clayton antitrust acts. He issued an injunction invalidating the company's exclusive contracts with some several thousand dealers.

These contracts, in effect, bind service station and garage operators to purchase only Standard-or Standard-sponsored-gasoline, petroleum products, tires, tubes, and accessories. The injunction applies to the company's contracts both with independent service stations, and with those it owns or leases out. (They divide up about 50-50.)

The injunction won't take effect until six months after final determination of the case. This seems to mean that the case is headed for the Supreme Court. A similar complaint has been filed against Richfield Oil Corp., and

there may be others.

• Big Field-There are about 300,000 gasoline service stations in the country. These have become small "department stores" for convenience goods of all kinds. Gasoline, accessories, and parts are only part of their stock-in-trade; they also sell scores of products for the personal and household use of the motorist and his family. Second only to food retailers, service stations form the largest single group of retail outlets in the country.

According to the Dept. of Justice, about 99 out of 100 service stations stock or sell only merchandise manufactured, sponsored, or distributed by a single oil company. These dealers, whether they own their own stations or lease them from the gasoline supplier, are blanketed with exclusive dealing arrangements.

• Emphasis on TBA-Almost all oil companies make use of these arrangements in one form or another. In fact. the emphasis on them has increased greatly over the past few years. It's true that the oil companies' main interest is in petroleum. But more and more they have put the stress on their own "TBA" line (tires, batteries, accessories).

It isn't always easy to pin these agreements down; not all are in writing. Many oil companies saw the handwriting on the wall some time ago and dropped signed contracts except where they lease stations to operators on a year-to-year basis. They turned instead to "good salesmanship" campaigns to convince dealers that they're better off carrying only the particular oil company's line.

• Hand Stronger-Justice claims that the court decision actually strengthened its hand here. The court did not declare the exclusive contracts illegal in themselves; instead, it held that the ef-

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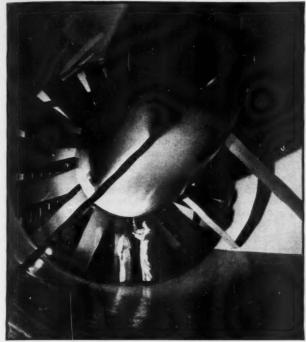
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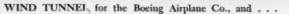
fects were clearly illegal.

The department says that this will enable it to show that the effects of an exclusive arrangement are present even when there is no written contract.

· Effects-What happens if the Supreme Court upholds the decision of the lower court? It could mean the return of the "split station," which displayed the pumps of several brands of gasoline. The oil companies might take over their independents-but probably won't because of the expense. Most likely it will mean that dealers will stick to one brand of gasoline but will handle several competitive TBA, oil, and other items.

The chief beneficiaries, if this happens, would be: (1) the independent producers of motor oil (such as Quaker State, Pennzoil, Kendall); (2) the tire wholesaler who now claims he can't get his brand of tires into the gas stations in his territory.







RELAY TOWER for television were both built by Austin

Industrial Builder Goes into Television

Austin Co. has 12 video station and transmitter construction projects under way. Research has often put its designs ahead of time.

The Austin Co. of Cleveland has always been a pioneer in new methods of construction and design. And it has been alert to the possibilities of applying those methods to new industries. The fields which owe much to Austin range from the electric lamp industry and the aircraft makers to the movies and chemical manufacturers.

• New Field—Now this industrial builder is invading still another field—television. Next week Austin begins sponsorship of a series of five-minute weekly video shorts which will explain how television ticks. The program will be seen coast-to-coast over 23 stations. Since television doesn't have coast-to-coast hookups yet, these shorts will be shown over each station at the same time from separate movie films. The shows were originally staged at WEWS, Austin-designed television station at Cleveland, owned by the Scripps-Howard newspaper chair.

ard newspaper chain.

Why should an industrial builder, naturally not interested in reaching a mass audience, advertise on video? One reason is that the company feels that right now a big chunk of televiewers are upper-income management-men who are potential Austin customers.

• For the Future—A more important reason is that Austin wants to promote television anyway: It already has 12 television station and transmitter construction projects under way or about to start. Some of these are for National Broadcasting Co., some for American Broadcasting Co., others for independent stations.

Austin is no stranger to the radio networks; it built NBC's Hollywood Radio City back in the 1930's, for instance. And later on, while the company was still building war plants, it was studying video. Since 1943, Austin's hard-driving president, George Bryant (cover), has been keeping his engineers at television research.

• Head Start—One Austin television design is a studio for showing continuous network schedules (picture, page 26). It's too ambitious for use yet. But working out this and other video problems gave Austin a head start. It was able to get preliminary research over with before any contracts were signed—or even solicited.

Austin's present toehold in television stems from projects which it completed for the motion picture industry when sound movies first came in. At that time, too, preliminary research made Austin ready to do a successful job of designing soundproof buildings and stages for Hollywood. Since the same sort of controlled conditions are needed in radio studios, Austin went

on to design and build several radio centers on the Pacific Coast.

• Asset—The national scope of Austin's activities has been a particular asset in dealing with the entertainment field. Austin's research department in Cleveland may work out the basic architectural design for a West Coast studio owned by a corporation with headquarters in New York. Austin's New York office will keep the Cleveland office in close touch with the New York owners. But the structural, electrical, and mechanical drawings may be done by the Austin office on the West Coast.

President Bryant did a lot to build up the Austin coast-to-coast network. It has 16 offices in the U.S. and Canada—eight of them with complete facilities for design and construction work; these eight offices are autonomous.

• Prior Planning—The main secret of Austin's success is prior planning. Here are some of the "firsts" claimed by the company as results of that advance research.

Standardization of structural parts (fabricated by Austin in Cleveland); plants where temperature, humidity, and light are controlled all year round (some have no windows); one-story plants; fluorescent lighting; original uses for new materials, and new applications of old ones.

• Basic Industry-Actually, Austin's main field of operation is design and

construction of buildings for basic industry rather than for the entertainment field. Most of its construction jobs have been in that line. One such job that Austin people particularly like to recall is the aircraft plant which it built for Curtiss-Wright Corp. near Buffalo, early in the war. A 1.5-million sq.-ft. building-27 acres under one

roof-was put up in 120 working days. Some of its more recent assignments: a research laboratory for Shell Oil Co., Inc., at Houston; an addition to Leslie Salt Co.'s refinery at Newark, Calif.; a glass container factory for Ball Bros. Co. at El Monte, Calif.; an aspirin plant for Bayer Co. at Trenton, N. J.; a paper-finishing unit for Mead Corp. at Kingsport, Tenn.; an addition to the soap and toiletries plant at Colgate-Palmolive-Peet Co. at Oakland, Calif.; a cheese factory for Kraft Foods Co. at Chehalis, Wash.; a cannery for Paulus Bros. at Salem, Ore.; a fivestory addition to Crowell-Collier Publishing Co.'s printing plant at Springfield, Ohio; and a headquarters base for Western Air Lines, Inc., at the Los Angeles municipal airport.

• Unseen Vision-Austin has left its mark throughout the world; its buildings stand in China, South Africa, France, Russia, and other countries. Perhaps that was why, in 1942, Bryant and his aides conceived an international advertising campaign: "The Vision to Build a New World." It took the humanitarian as well as the business approach to better world conditionsand it never got a nibble of interest. Bryant's explanation: Austin had scored another first, but this one was 50 years

ahead of the times.

New Wage Plan

G. E.'s offer of an 8% boost makes it clear that there is no pattern for the third-round increases.

Industry-wide wage bargaining was pigeonholed again this week. A General Electric Co. offer of an 8% raise to its 125,000 C.I.O. employees was new evidence of the fluidity of 1948 deals. This year, for the first time since 1941, management and unions appear ready to talk wages on a company-bycompany basis.

• Three factors-Hence, the important factors in major third-round settlements

now are:

• The financial status of employers. The bargaining ability of negotia-

• The comparative strength of con-

tracting parties. General Motors teed off the trend when it offered its cost-of-living plan, which gave an immediate 11¢ wage boost (BW-May29'48,p96). That was a pattern tailored to G.M.'s measure. Chrysler looked at it, then settled on a formula of its own-a 13¢ across-the-

board raise (BW-Jun.5'48,p94).

• No Sale-C.I.O.'s United Electrical Radio & Machine Workers laid both plans on the table when serious bargaining began with G.E. last week. General Electric wouldn't buy either one. Neither of the two "automobile-type settlements" would be applicable in its

case, G.E. told the union.



MODEL STUDIO, designed by Austin for continuous telecasts, has a turntable stage and two seating areas. When one program ends, a new production slides under the one set of controls, cameras, etc. Curtains part to let a new audience see show No. 2.

General Electric Co. contended that: (1) "We think it is unsound for every employer in the country to get in the habit of granting the same wage increase that results from the net ad justment of some specific set of difficult ties of one or another prominent em ployer."

(2) "We also now believe that the time has come to break the bad practice developed in 1946 and 1947 of giving wage increases in flat cents per hour."

· Alternative-Then G.E. advanced its alternative: a return to percentage increases. These, it said, would end an undesirable "shrinking of the [wage differential between the highly skilled and the unskilled." The third-round boost would be 8%, with a minimum 9¢ hourly increase and a maximum of about 15¢ an hour. The average weekly paycheck would be raised from \$55.99 to \$60.47-about 11¢ an hour.

At midweek, U.E. hadn't accepted G.E.'s 8% offer-but there wasn't much doubt that it planned to take it.

• To Westinghouse-Meantime, the union threw the G.E. offer into the hopper at a Westinghouse Electric Corp. wage conference in Pittsburgh. Westinghouse was asked to negotiate on the basis of (1) the G.M. cost-ofliving plan, (2) Chrysler's flat cents-perhour raise, or (3) G.E.'s percentage in-

Odds are that the "patterns" won't influence Westinghouse any more than G.E. Westinghouse has its own plans for the 1948 settlement. They include a jointly paid social insurance plan (BW-Jun. 5'48, p94) which so far has failed to bring the anticipated grunts of disapproval from the union. Thus, it looks as if yet another third-round settlement plan is in the making-a combination between an insurance plan and a money

Supreme Court O. K.'s West Coast Steel Deal

The U. S. Supreme Court gave U. S. Steel Corp. a boost this week: It knocked over one of the last major obstacles to the entry of the corporation as a steel structural and plate fabricator on the Pacific Coast.

In a 5-to-4 decision, the court refused to forbid the purchase of Consolidated Steel Corp., an independent fabricator, by Columbia Steel Co., a U. S. Steel

subsidiary.

Financial steps were quickly resumed to pave the way for transfer of Consolidated assets to Big Steel sometime this

The Justice Dept. had opposed the deal on the grounds that it would violate the Sherman antitrust act (BW-Mar.1'47,p16).



Even at inflated prices the little lady will have no trouble figuring out where she stands.

In more complex businesses, "figuring" is much more elaborate. Post, copy, sort, file — or so it's been under the old system. But now all that is out. Here's something new. It's the Comptometer Peg-Board Plan.

Simple, speedy, accurate, this moneysaving plan makes *original entries* yield final results. And copying is gone forever, because entries are written *once* — and *once only*.

It's so extremely flexible that it gives, almost instantly, any combined statement for such accounting tasks as labor distribution, sales analysis, payroll, accounts payable, inventory control.

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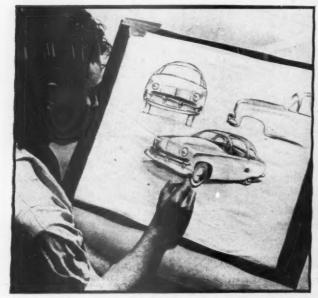
Made only by Felt & Tarrant Manufacturing Co., Chicago, and sold exclusively by its Comptometer Division, 1733 N. Paulina St., Chicago 22, Illinois.

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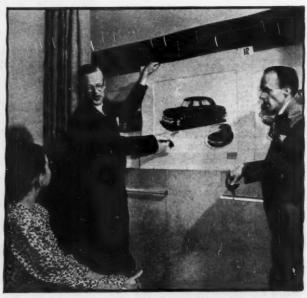


Novel air-scoop grille is a distinctive feature of . . .

The New Ford: How It Got That Way



Rough idea of the new Ford took shape on the drawing-boards of artists-stylists late in 1945. Best sketches became . . .



2 Finished drawings of the proposed designs. Company people liked the one above. From it craftsmen worked up . . .



Q. Do you know what to do



if there's an accident?

A. If you know and can use First Aid after an accident, you may prevent a lasting injury, even save a life. Accidents will injure 9 million Americans this year. One may happen where you are, and it's up to you to know

what to do—and what not to do until competent medical help arrives. A good way to learn the new, approved First Aid methods is to register for the classes held by your local chapter of the Red Cross.

Q. Do you know what not to do?



A. Don't try to be the doctor! Do whatever is necessary to save the victim's life, and to prevent shock by keeping him warm and quiet, but no more. Don't move the patient unless it is absolutely necessary. Don't give uncon-

scious persons water or liquids. Remember, in case of an accident or emergency, doing the wrong thing may be worse than doing nothing, and a good rule to follow is "If in doubt—DON'T."

Q. Have you a First Aid Book



in your home?

A. About one half of all accidents occur in the home, and a first aid book should be a "must" in your medicine cabinet. If you don't have one, send today for Metropolitan's booklet, "First Aid." It gives the proper immediate

treatment for bleeding, stoppage of breathing, poisoning, burns, broken bones, and many other emergencies. Write today to Metropolitan for your free copy of the booklet, 68-S, "First Aid."

TO EMPLOYERS: Your employees will benefit from understanding these important facts about First Aid. Metropolitan will gladly send you enlarged copies of this advertisement — suitable for use on your builetin boards.

Metropolitan Life Insurance Company



(A MUTUAL COMPANY)

1 MADISON AVE., NEW YORK 10, N. Y.

Lucky Last Winter

Lucky the building owner who modernized his uncontrolled steam heating system with a Webster Moderator System in time for the 1947-48 heating season. Frequent cold waves made it necessary to keep heat on for extended periods. With Webster Moderator Control, there was no waste of fuel through overheating, no heating complaints.



In the Webster Moderator System, an Outdoor Thermostat actuates a central control which varies heat delivery with changes in outdoor temperature.

Webster Moderator Controls can secure "controlled-by-the-weather" comfort for even the hardest-to-heat office or apartment in your building. An Outdoor Thermostat automatically varies steam supply to meet weather conditions. And controlled heat means adequate heat on cold days, minimum heat on mild days.

In each Webster Moderator System installation, properly sized Webster Metering Orifices are installed in radiator valves to balance heat distribution throughout the building. Start now to insure next winter comfort by modernizing your present heating system with Webster Moderator Control. Write us about your problem. We will pass it on to your local Webster Representative. He will be glad to work on it with you.

WARREN WEBSTER & CO.
Camden, N. J. :: Representatives in Principal Cities
In Canada, Darling Brothers, Limited, Montreal

Welster



Quarter-size clay models: Ford executives, H. T. Youngren (left) and T. W. Hibbard (right), and consulting Detroit designer, G. W. Walker (center), whose studios get a large share of the credit for the 1949 Ford design, had this one translated into a . . .



4 Full-scale blackboard drawing in perspective. Ford's stylists and engineers study its details, suggest changes. Meanwhile, a . . .



5 Full-scale clay model was molded on a wooden frame. This stage requires painstaking craftsmanship, further modifications by production men before . . .

car

ter

DELL





INTERLAKE

contribute to industrial progress!

Many industries who serve people everywhere are in turn served by Interlake Chemicals. For example:



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Interlake Benzol, Toluol, Xylol.



RAILROADS

Interlake Creosote Oil for preserving ties.



ROADWAYS

Interlake Road Tars.



MEDICINALS

Interlake Pyridine, Benzol, Toluol.



PLYWOOD

Interlake Resins for bonding plywood.



FARMING

Interlake Ammonium Sulphate for fertilizer.



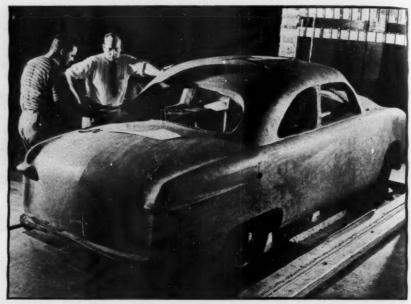
PLASTICS

Interlake Molding Compounds.

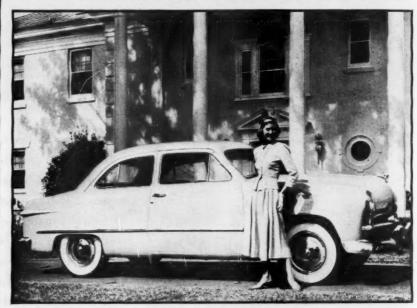
INTERLAKE

Haine Commerce Building - Claustered 14. Obig

. PRODUCTS FROM COAL .



6 Clay mockup is nearly complete. From the finished model, workmen put together the first, handmade 1949 Fords. In April the production lines began to turn out . . .



7 The real thing—the redesigned 1949 Ford as the consumer will see it next week. It is Ford's first really new postwar car, from bumper to tail light

New Ford Has a New Price

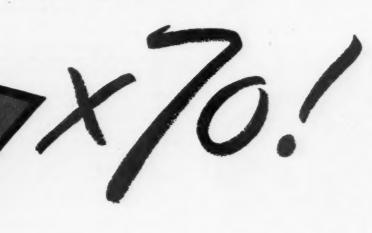
The 1949 models will cost from \$85 to \$125 more than last year's. After a quick changeover, output is now 2,000 units daily.

Ford Motor Co. is giving its 1949 model a debut with all the trimmings.

It started things off with a glittering show this week at Manhattan's Waldorf-Astoria, tricked out with models, floodlights, and glamor. This week end Ford workers get a look at the 1949 models during Ford Family Day parties at company plants. And next week the buying public can see the redesigned

cars on display at dealers' showrooms.

• Prices—Ford's new cars stirred up a flurry of interest—and so did the new prices. A few days before the Manhattan debut, the company announced that it was jacking up its prices on an average of 8.7% over 1948 models. The increase on individual models will range from \$85 to \$125. This means that the base-price model—the six-cylinder busi-



ONE AIR GROUP averages 165 air crew, 1800 tons aircraft, 420M horsepower aloft... about 7 million man hours of manufacturing, and \$20.7 million expenditure! For ground maintenance, multiply the above by ten! Seventy Air Groups is the largest order of peacetime history... can come close to the automotive industry in dollar volume during the next three years!

THIS ORDER can't be filled by just aircraft, engine and instrument companies... will take the best efforts, means and abilities of thousands of manufacturers—because more than 70% of the material must come from subcontractors and secondary suppliers.

A share of that order is good business for any manufacturer...will utilize spare plant capacity, keep personnel intact, maintain payrolls, bring a comfortable backlog against the inevitable slack in domestic demand.

Getting your portion of this business need not be the harassing, time-taking runaround it was before and during the early part of the War...spending weeks in Washington, waiting on government agencies, scrambling around for supplies, chasing expediters! Something new has been added to aircraft procurement since that time...Aviation Week.

Aviation Week is the first major medium of the whole industry...prime news vehicle,

published weekly, wanted and respected. With more than 30,000 circulation, Aviation Week affords really adequate and representative coverage of major manufacturers, government agencies, military services, airlines, material sources... reaches design, engineering, plant equipment, personnel, purchasing, distribution, maintenance... everybody important!

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Advertising in Aviation Week now can be your best, business-getting representative!... For more details, call the nearest AW office, or write direct...today.

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ness coupe-will come to about \$1,380, delivered at Detroit.

Ford emphasizes that these prices are set from estimates of what costs will be. They will be re-examined in July after: (1) cost studies have been made on volume production, and (2) the C.I.O. United Auto Workers has presented its demands.

• Changes—Ford says that the changes from the 1948 to the 1949 models are as great as those from "the Model T to the Model A a generation ago." Observers were inclined to temper this statement somewhat, but they did see some notable changes from last year:

Design. The front grille—a bright metal bull's eye—is an innovation. So is the sharp downward break of the rear fenders.

Dimensions. The front seat is about 6 in. wider than the 1948 model, the rear seat 2½ in. wider. The wheelbase is the same: 114 in., but curb weight has been cut down from 3,414 lb. to 3,175 lb. since last year.

Powerplant. The 100-hp. V-8 will be quieter and more economical, due to a new intake manifold and redesigned combustion chambers. The 95-hp. 6-cylinder has been almost completely redesigned.

Springs. Ford has done away with its old transverse springs; 1949 models have coil springing in the front, longitudinal leaf springs in the rear.

Drive mechanism. Ford has followed a change most of the industry made before the war: It has given up spiral bevel gears in the differential and adopted so-called hypoids, which allow the car

body to be lowered.

Frame. The entire assembly is cradled in a new welded box frame. (The standard X-type frame was used until now.)

Economy. Ford says that the lighter weight will cut fuel consumption 10%. And an optional overdrive will cut it another 25%.

• Output—Production of the new models is now running about 2,000 units a day. To achieve this, Ford had to spend some \$37-million retooling for the 1949 model.

The company planned the transition carefully and lost very little time: It claims that no more than 12,000 of its 125,000 workers were laid off at any one time.

• Plant Changes—Ford's changing over meant more than just new tools. It also meant extensive changes in plants and operational techniques. During those transitional months the company:

• Removed some 200 heavy machines and presses from River Rouge to the newly acquired Mount Road plant, in the northeast suburbs of Detroit.

• Expanded the River Rouge assembly line, raising assembly capacity in that plant from 350 to 750 cars a day.

· Spent \$12-million on new methods

and controls in the Rouge foundry.

• Installed automatic processes for manufacturing radiators (fully mechanized conveyor lines eliminate much manual work).

• Improved its methods for molding cast-steel crank shafts.

Ford & K.-F. Shed Nonautomotive Holdings

Two automobile companies got rid of some more of their nonautomotive corporate holdings last week. Ford Motor Co. sold its Johansson Gage Division, and Kaiser-Frazer Corp. disposed of its large holding in Portsmouth Steel Corp.

• No Surprise—Ford's sale of the "Jo-Block" division was no surprise; for some time now the company has been shedding its nonautomotive holdings (BW—Mar.16'46,p28). The buyer this time was Brown & Sharpe Mfg. Co., 115-year-old veteran in the precision-tool industry.

Brown & Sharpe will soon move equipment and special tool steel from Dearborn to its home quarters in Providence, R. I. Along with the plant, it gets the right to make and sell, and to use the trade name, "Johansson," in the Western Hemisphere.

The break of the Portsmouth-K.-F. tieup came as no shock, either. It had been expected ever since the explosion between the auto company and Cyrus Eaton over a K.-F. stock sale (BW-Feb.21'48,p85); Eaton controls Portsmouth.

• Behind Break—Even before the Kaiser-Eaton blowup, relationships between K.-F. and Portsmouth had been strained for some time; in fact, this strain may have been a minor reason for the Kaiser-Eaton trouble. Kaiser-Frazer bought its steel from Portsmouth under a price escalator clause. The company felt that Portsmouth worked that clause harder than conditions warranted.

K.-F. turned its stock in Portsmouth over to the Chicago investment house of Shearson, Hammill & Co. The shares represent about 15% of the mill's capitalization. K.-F. will keep—and use—options to buy from Portsmouth up to 7,900 tons of slabs and 7,900 tons of cold-rolled sheets monthly, along with other steel items. Some of the options run-to 1951, but most expire next year.

• Hedge—Some observers think that it was partly as a hedge against prices and trouble with Portsmouth that K.-F. recently bought from the War Assets Administration the Ironton blast furnace at Provo, Utah. This furnace was blown

cently bought from the War Assets Administration the Ironton blast furnace at Provo, Utah. This furnace was blown in during May. Steel circles figure that its pig-iron capacity (300,000 tons a year) will prove a valuable K.-F. bartering medium for getting steel sheets.

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Truck Sales Up

Registrations are at a new high. Lighter trucks are way ahead; ECA buying will needle heavy-truck sales.

U. S. truck makers read some very cheering statistics last week. The Detroit statistical agency of R. L. Polk & Co. has just figured out that registrations of new trucks hit a new high in March—100,000.

• Best Yet—Polk bases its conclusion on incomplete returns that show 90,339 new registrations. Figures are still missing from California and the District of Columbia. Normally these two account for 9% of national truck sales; hence the 100,000 estimate.

This would be about 17% better than March, 1947. And it would be way over the 67,412 new trucks licensed in the best prewar month (July, 1941).

New Vistas—Still better are the preliminary figures for April. Reports from 26 states indicate that April's sales volume may soar as high as 110,000 units.

These tidings don't mean so much to the makers of heavy trucks: Their market began to slip late last year (BW –Nov.29'47,p28) and hasn't recovered since. But not so the market for light and medium trucks: It hasn't faltered since the war (BW–Dec.13'47,p46) and last week's news showed that it will continue to ride high.

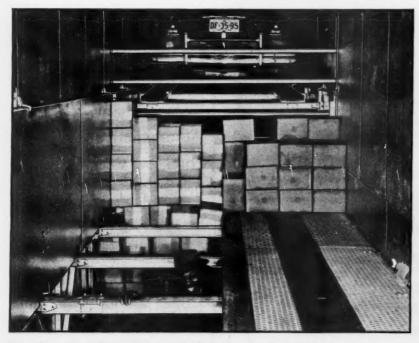
• Lighter Trucks—The manufacturers of light and medium trucks have been blessed with a seemingly insatiable demand. This, in combination with two other factors, has pushed production on to new records:

(1) For the most part, trucks use less hard-to-get sheet steel than do passenger vehicles. This isn't so much true of light trucks, which use about as much sheet steel as pleasure cars. In general, however, manufacturers have been able to get hold of the other forms of steel required by many trucks.

As a result, truck manufacturers have been able to go to town. And manufacturers that turn out both trucks and passenger cars are building a higher ratio of trucks than they normally would.

(2) Trucks are apt to bring in larger profits than passenger cars. This explains why some car makers have pushed up production of their light trucks, at the expense of pleasure-car output.

Together, both factors help to explain why the over-all increase in truck



Trailer Hauls Autos and General Freight

This truck trailer, designed by William O. Bridge, of Bridgeways, Inc., of Detroit, can be used both as automobile haulaway, and as a freight carrier. The trailer can carry four cars. On a return trip, the entire interior can be converted into a single compartment for general freight. Also,

the trailer is convertible to haul fewer than four cars, with the remaining space available for freight, as above. The trailer can be operated by one man.

The National Automobile Transporters Assn. plans to put several of the trailers into use on a trial basis,



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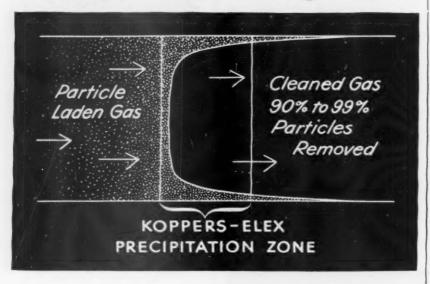


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Send in the coupon below for your copy of our Operational Data Form. When filled out and returned, this form will enable us to make specific recommendations for the Precipitator to meet your needs. Address: Koppers Co., Inc., Koppers-Elex Precipitator Dept., 216 Scott Street, Baltimore 3, Maryland.

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Company

sales has been outshining that of pasenger cars.

New Trucks—Meanwhile, the makers

New Trucks—Meanwhile, the makers
of heavy trucks have watched their sales
figures drop and competitive selling re
turn. But recently they took some solace
from the export plans of the ECA.

Administrator Paul Hoffman's plans call for the export of 9,768 units through June, and 38,825 units for the 1948-49 fiscal year. Most of these will be in the heavy duty class.

These countries will get the most: Netherlands (7,250), Denmark (6,000), Bizonia (5,000), Turkey (4,800), and Belgium-Luxemburg (4,550).

• Military Orders—In addition to this shot in the arm, some truck makers can look forward to still another one.

The House has just appropriated \$128-million for new Army trucks, parts, and combat vehicles. This isn't as much as the Army would like; it is shooting for \$400-million. Even so, should the Senate go along with the House, it will mean the largest Army vehicle program in history. And there is talk that the Senate may even restore \$110-million for tanks, sliced from the appropriation by the House.

• Prices Up—The money approved so far would buy about 6,000 trucks (most of them models developed by General Motors and Chrysler). These military orders would include about 1,400 2½-ton trucks, 1,250 ½-ton cross-country trucks, 1,800 Jeeps.

The prices for the Army's postwar transport are way up, of course. The redesigned 2½-tonners are listed at \$7,125 against the wartime version at \$2,800; Jeeps, at \$2,500 against \$1,051.

Automatic Transmission For New Packard Cars

Packard is going to have an automatic transmission—probably on its 1949 car.

• New Division—A carefully worded statement from Packard says simply that an automatic transmission division is being created. "For competitive reasons," no details are given, except that the division will be headed by E. G. Patzkowsky. He was previously industrial relations manager for the company.

Detroit recalls that almost a year ago George T. Christopher, Packard president, said Packard had developed a new automatic transmission. But it was not to go into production "until all the bugs have been engineered out." At that time there were indications that Packard looked most favorably on the mechanically operated type of transmission—of which the Hydra-Matic drive of General Motors is an example.

 Schedule—The new division will set up shop as soon as it can get gear and other machines.

I read with interest an article entitled "Explaining the Mystery of Profits" [BW-May1'48,p120], in which you offer some admirable suggestions as to what might well be contained in annual reports. The status of the shareholder is quite briefly considered; never-theless you say, and properly, that "employees should not expect to get the last dollar when the shareholders-the owners of the company-are so limited in their returns." This, it is true, deals specifically with the necessity for retention of profits for reinvestment in the company enterprise; but it does seem to me the article might well have brought out the sad fact which every stockholder knows, that, having regard to the purchasing power of the divi-dend which he receives today, a 5% dividend before the war would be the equivalent of no more than, say, a 9% dividend today. It surely is a mistake to let labor have a monopoly of talking about increased cost of living. The shareholder is in the same boat.

W. S. BURNETT

HAMMOND LUMBER CO., SAN FRANCISCO, CALIF.

What Has Happened to Quality?

Sirs:

I am a little worried about what is happening to the quality standards in American industry; my personal purchasing experiences during the last three years have been quite unhappy.

I am giving a quite long list of the merchandise I have purchased during the last three years (all of it from supposedly high-quality manufacturers) that has been defective—and on which I have been reimbursed without argument, or which has been made whole. The adjustments made by the vendors have not compensated for my inconveniences nor allayed my anxieties regarding the future. This list comprises practically all of the manufactured merchandise purchased by me recently and, therefore, represents the whole picture.

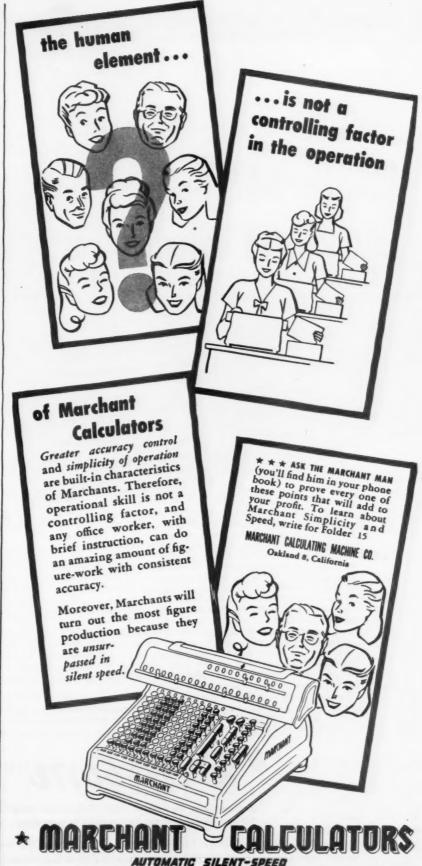
I am challenging industry with this list; what is its answer?

Notice that the items in the list show faults that should have been caught by the vendors' inspectors:

(1) Kitchen cabinets: top fastener askew; enameling applied detectively and peeled off in one week.

(2) Kitchen sink: easily cracked plastic used in manufacturing sprayer; enameling cracked.

(3) Furniture: large cracks in wood;





from a river because it was cheaper than city water.

Boilers choked on it for years, in spite of high chemical treatment costs. Tube replacements and maintenance costs were excessive and boiler efficiency poor.

One day, an alert engineer discovered that city water, after it was used in processing in the mill, was discarded down the drain. There was more than enough of this discarded process water to provide feedwater for the boilers . . . but this water was high in silica content and other undesirable characteristics.

Dearborn formulated a money-saving, scientific treatment for the recovered water, and helped to convert it to a very much better boiler feedwater than the river water. Boiler efficiency improved and steam cost dropped when the change-over was effected. Substantial reductions in boiler maintenance costs also resulted.

Dearborn thinks in terms of water as a raw material and how to make it trouble-free when used in boilers. For more than 60 years this dependable service has been available wherever boilers are operated.



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General Offices 310 S. Michigan Ave., Chicago 4, Illinois Engineering sales offices in principal cities around the world

unmatched upholstery tacks used; uneven leg lengths; unmatched curves on sectional sofa; cushions sewed unevenly; defects obvious in textiles used for covering.

(4) Weatherstripping: insufficient

fasteners placed in package.

(5) Shoes: one pair unmatched; one pair with defective uppers; one pair with soles lasting only 10% of normal expectancy.

(6) Wood screws: metal so soft they broke while being placed in medium

soft wood.

(7) High-carbon drills: bent like soft wire.

(8) Desk pen: never writes after being laid ('n; several repairs of no avail

(9) Electric saw: miter gage defective, cannot be set to hold position.

(10) Circular saw blades: rip teeth bind; hollow-ground blades bind because of insufficient taper.

(11) Electric hand grinder: bad chuck; soft wrenches; heads of grinders

fly off easily.
(12) Power saw, circular: wobble of in, in shaft, or main arbor.

(13) Power drill press: loose spindle. rough splines, bad vibration.

(14) Electric belt sander: defective casting broke at first use.

(15) Radio: played 5 minutes be-fore collapsing from bad condenser and defective tube.

(16) Overcoat: buttons out of line with holes.

(17) Pajamas: Drawstring sewed fast to band.

(18) Breast drill: gears bind.

(19) Paint brushes: loose hairs continued even after several uses (highest priced brushes).

(20) Household plastic cement; watered tube; no holding.

(21) Ball point pens (49¢ to \$15): do not write above water.

(22) Mechanical pencil: chuck too large; lead slips.

(23) Phonograph records: several broke while merely being held in hand; musical defects in several.

(24) Tires: blowout after 500 miles.

(25) Battery: broke down in six months (two-year guarantee).

(26) Watch: defective balance piv-

(27) Magazine: pages cut in half.

(28) Gloves: required complete restitching in one month; another pair had stitching missing for 2 in.

(29) Rugs: defective weave; not square; cotton rug unraveled.

(30) Mirror: unsilvered spot in cen-

(31) Lumber: cabinet-making grade was warped, nicked, and partly unplaned.

(32) Nails: soft as butter.

(33) Bicycle: gear-shift poorly ad-



THIS REVOLUTIONARY MOTOR WILL ADD EFFECTIVE SALES ADVANTAGES TO YOUR PRODUCT

If you make motor-driven equipment, and feel that all motors are pretty much alike, then you haven't seen B-LINE'S sensational POWER-POISE Capacitor type motor.

WHAT'S DIFFERENT ABOUT IT? Well, first we have eliminated that familiar hump from the back of the motor, known as the condenser, and carefully installed it inside the motor (patents pending), where it can't ever be damaged, to say nothing of the saving in headroom which the condenser occupies on other motors of this type.

IMPROVED APPEARANCE — Compare this new, smooth, quiet running streamlined motor with the motor you are now using. Notice the absence of all irregularities in the flowing design;

think how it would blend with the superb design of any product.

NEW "TROUBLE-PROOF" SWITCH ACTU-ATOR—We have overcome the familiar trouble arising from spring breakage and fatigue in motors of this type, by a new Switch, which has no tension springs or pins to get out of place. A minimum number of parts are enclosed in a precision-moulded housing ring—easily removed.

IT'S TIME TO CHANGE TO B-LINE—because in no other motor are these important advancements available, and no other motor can give you better operating satisfaction at any price. Send for a sample motor and see for yourself that there really is an important difference in motors.

THE BROWN-BROCKMEYER CO. DAYTON 1, OHIO

Plants at Dayton, Wilmington, Washington and Xenia, Ohio District Offices in Principal Cities





Don't be ambushed by inventories

You can easily get scalped in the backwoods of your inventories unless you know the terrain like the palm of your hand.

There's that dangerous passage between the time it takes to compile all your inventory facts and the time it takes to readjust schedules for your men, machines and materials. And if lowered volume lurks in lines where you least expect it, rising costs can tomahawk your profit margin without warning.

McBee reliably helps you to protect the essential continuity of your business by forestalling the surprise element in order cancellations.

Keysort cards and machines make it possible for you to key your inventory to schedules ... make certain you have enough of the right materials at the right times ... and are not overstocked with slow moving items.

Have the facts at your fingertips fast and fresh. All the facts about sales or cancellations, production or personnel, cost or control.

McBee can show you how to do it easily, economically, quickly. There's a McBee man near you. Ask him to drop in, or write us.



KEYSORT is easy to learn, easy to use, requires no specialized job training...increases individual work output without increase of individual effort.



THE MCBEE COMPANY

SOLE MANUFACTURERS OF KEYSORT — THE MARGINALLY PUNCHED CARD 295 Madison Avenue, New York 17, N.Y. Offices in principal cities

justed, slips out of gear; tire pump doesn't fit tires.

(34) Expansion bit: soft cutter.(35) Curtains: 18-in. hole in center.

(36) Micrometer: weak click spring. (37) Window: frame curved, sash not fitted to frame.

(38) Cigarette lighter: defective wheel.

(39) Vise: badly fitted flange, caused binding.

(40) Suitcase: handle came off after slight use.

(41) Mattress: loose buttons holding spring ties.

 $(4\overline{2})$ Lamp: shade frame askew; floor lamp wobbles.

(43) Fluorescent fixture: bad starter; broken socket.

(44) Plastic chess set: mold parting flash not removed.

(45) Electric appliance: 20-in. cord atlached.

(46) Felt hat: brim took permanent warp after 5-minute drizzle.

(47) Moth-proofed blanket: moths not educated.

(48) Synthetic cement: hardened at bottom of container.

(49) Screw driver: soft as mush. (50) Toilet paper: divisions not perforated.

(51) Cigarettes: holes in middle.(52) Shirts: broken buttons.

(53) Ties: lining badly fitted. (54) T-square: not square.

(55) Pocketbook: bad zippers.(56) Envelopes: no adhesive.

(57) Pressure valve: leaked after slight service.

(58) Trousers: zipper short by 3 in. (59) Garden tools: rake handle split. (60) Grass seed: 20% inert mate-

rial (labeled 0.03%).
(61) Tropical worsted suit: blue

turned green in one season.
(No bargain goods or low-priced

merchandise in above list.)

I had no difficulty in securing adjust-

I had no difficulty in securing adjustments on any of the merchandise listed. JOSEPH D. FOX

INDUSTRIAL ADVISORS BUREAU, INC., CLEVELAND, OHIO

Underwriters' Lab Lists

Sirs:

Regarding "Underwriters' Lab Tests Everything" [BW-May1'48,p22], we note an error in the last paragraph on

The U. S. government does not publish the four annual lists [of devices approved by Underwriters' Laboratories]. They are published by Underwriters' Laboratories, Inc., and distributed by them to inspection authorities, many U. S. government agencies, and any interested individual or group.

N. H. Davis, Jr.

UNDERWRITERS' LABORATORIES, INC., CHICAGO, ILL.



... how and why battery-powered industrial trucks move materials at lowest cost

MATERIAL HANDLING HANDBOOK

A 56-page guide to the analysis and solution of material-handling problems. Fully illustrated, in four sections: (1) The Place of Material Handling in Plant and Warehouse; (2) Material Handling Principles; (3) Planning an Electric Industrial Truck Installation; and (4) Practical Truck Application. Tested how-to-do-it suggestions for raising man-hour and machine-hour productivity—for reducing floor space.

UNIT LOADS

Their Handling, Shipment, Storage

This 16-page illustrated booklet describes the unit-load method of handling materials in internal plant transportation as well as in carloading, warehousing, and other handling operations incidental to movement over common carriers. Includes numerous case studies, discusses pallet construction and the preparation of unit loads for shipment.

Even if your present system is mechanized, you will find new suggestions for substantial cost reductions. Your letter or the coupon will bring these booklets—free.

THE ELECTRIC INDUSTRIAL TRUCK ASSOCIATION

The Electric Industrial Truck Association 29-28G Forty-first Avenue Queens Plaza Long Island City 1, N. Y.

Please send— HANDBOOK

UNIT LOADS

Company.....

Address....

City......Zone...State.....

PRODUCTION



SUGAR HARVESTING with trucks is easier, faster, more flexible than with narrow-gage railways. Before being loaded, each truck is lined with a steel net (arrow), for . . .

Mechanizing Eases Cost Pinch

How can a processing industry attack rising cost? Sugar planters' answer: research, mechanical devices, better handling—and a willingness to shell out for such a program.

How can a big-time processing industry cut costs to improve its profit position?

The answer lies in better producing techniques, extensive mechanization, more efficient storage and shipping methods, plus plenty of research. At any rate, so say the Hawaiian sugar companies, which are using this basic plan of attack to combat a declining market, high labor costs, big handling and shipping charges.

• Costly Program—That kind of program costs plenty. And the Hawaiian planters, recognizing this, have been ploughing back about \$20-million a year in capital expenditures. They have been laying out about \$7-million of this for new machinery and equipment; another \$7-million for improved mills and housing; \$3-million for trucks and roads to replace narrow-gage plantation railways; and \$3-million more to improve irrigation methods.

In addition, about \$1.4-million meets the annual budget of the Hawaiian Sugar Planters' Assn. experiment station, staffed by 100 people. Another \$500,000 has been spent, since the war, on agricultural engineering research; \$100,000 has been donated to set up an agricultural engineering school at the

University of Hawaii. Besides these expenditures for continuing study, individual planters lay out from \$8,000 to \$10,000 a year for their own research.

• Cushion—by these means, the Hawaiian sugar industry expects to get lower producing costs that will protect it when prices break. With efficient production, the Hawaiian producers will no longer need the government's synthetic price support to stay in business. As things

stand now, they definitely do need it.

Earlier in the year, Hawaiian raw sugar sold for about \$126 a short ton. But big Philippine and Cuban crops pulled the plug (BW-Jan.31'48,p21); by last month offering prices were down to \$100. And that price is anywhere from \$1 to \$30 less than it costs most Hawaiian growers to produce sugar.

So last week Agriculture Secretary Charles F. Brannan bailed them out. Under the Sugar Act of 1948, he reshuffled the export quotas and ended the 1948 threat of domestic surpluses of sugar—and of still lower prices. But for a safer long-term outlook, Hawaii must cut costs.

• Labor Costs—According to the planters, labor is the biggest single item: One planter says it represents about 47% of the total production cost. The average



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It's NOT just another LETTER OPENER—but a useful of Your Mechanical-minded Customers Will Certainly Like This! Handle is a folding 8 inch ruler—a millimeter measure—a protractor. Back of handle has a Decimal Equivalent Table and a reduction scale. You'll firm name may be etched on the handle or gold stamped on the genuine leather scabbard. Priced about \$2.00 each.

If you cannot locate a reputable Advertising Specialty firm in your vicinity who handles The EXECUTIVE Line,

ALFRED ROBBINS ORGANIZATION, INC.



. . . QUICK UNLOADING by crane, which grasps the net by hooks (arrow), rolls off the whole load

daily wage in field and mill is \$8-plus The industry will fight higher wages, but it doesn't expect the pay rate to decline. So planters see more output with the same manpower as their only hope.

These trends show how the attack on costs is shaping up:

New cane varieties. Planters hope to boost production a ton an acre, partly through better cane, partly with more efficient harvesting and milling. Yields now vary from 50 to 120 tons of cane an acre—and from 4 to 16 tons of sugar.

Early in the century, the development of a cane variety known as H-109 saved the industry from virtual extinction by a root rot disease; it is estimated to have been worth \$50-million to the planters. New varieties have since replaced H-109—numbers like H32-8560 indicating how extensive the trials have been.

Planting. There is a new machine to cut seed cane to proper lengths and give the pieces a chemical bath to seal-in the juices. It completes the mechanization of the planting operation—except for the cutting of stalks in the field for seed use.

Irrigation. About half of Hawaii's 209,000 cane acres are irrigated; they yield two-thirds of the sugar in Hawaii.

The rest role on rainfall

The rest rely on rainfall.

More than \$40-million is already invested in water tunnels, reservoirs, dams, and irrigation ditches. Many of these ditches (there are more than 240,000 mi. of them) are now being lined with precast concrete pieces to prevent seepage (picture, page 48). On one planta-



PENS RAZORS FOOTWEAR BEVERAGES MOVIES

Consumer advertisers of all types are sold on selling in the POPULAR FICTION GROUP

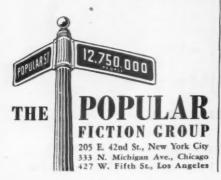
Why not? They're talking to the fourth largest magazine audience . . . to 12,-750,000 people who combine the normal wants and desires of any group this size.

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They're sold on the position advantages POPULAR gives them. Quarter page ads or better run alone on an editorial spread . . . they stand out, get results.

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You'll be sold on this audience, too, if you have the facts! Write, wire or phone today for complete details.



tion, this boosted man-day performance from 3.17 acres irrigated to 8.8 acres irrigated.

Overhead irrigation is being tried experimentally, with giant sprinklers of the type used by United Fruit Co. on the banana plantations of Central America. So far, man-day irrigation by this system has averaged 9.8 acres and reached a high of 13.3 acres. Initial cost of \$400 an acre, while high, may prove its worth in saving labor and eliminating irrigation ditches and furrows. This, in turn, will facilitate the passage of the heavy machinery that increased mechanization will bring.

Harvesting. Savings of \$25 a ton in the cost of cane cutting are possible, some planters estimate. This has been one of the hardest problems to overcome, due to the terrific size and weight of the Hawaiian crop, which has a growing season of 18 to 24 months. Stalks 18 to 20 ft. high and weighing 120 tons to the acre are not uncommon. Also, they are bent over and interlaced in a matted mass.

In Louisiana and Florida, where cane is about the size of a good corn stalk, satisfactory harvesters have been in operation for several years. But these can do nothing with even the lightest Hawaiian crop.

A lot of research efforts are under way to develop three machines to do the job: (1) a cane cutter to chop stalks off at ground level; (2) a unit to pick up the stalks after they have been cut; and (3) a field cleaning machine to shake out dirt and rocks from the harvested cane, and leave them on the field.

Hand cutting of cane is almost a relic now. But present machinery is admittedly temporary, highly wasteful, and was forced into use only because of the labor shortage during the war.

The present harvester grabs the cane, root and all, from the ground-making replanting necessary when otherwise several "ratoon" crops could be raised from the same roots. It breaks up cane, letting the juices run away. And it takes dirt and rocks with the cane-stripping the fields of valuable topsoil, jamming mill machinery and necessitating the use of costly cane-cleaning plants at the mills.

Field transportation. Trucks first appeared in Hawaii's cane fields in 1936; they will soon have replaced field-to-mill railways for cane hauling on 24 of the 29 plantations.

Except on long hauls, the truck has proved itself cheaper and more efficient. It doesn't require a track system, and has more flexibility (pictures, pages 46 and 47).

One plantation, on a steep hillside, is experimenting with hauling cane via overhead cables. Another method—which involves the fluming of cane from field to mill down artificial watercourses—has been all but abandoned because of the cost.

Milling. Mill progress has been "continuous but not sensational," as one spokesman puts it. The present trend is to consolidate mill operations, expand mill facilities, build cane-cleaning plants where companies don't already have them.

Filterization processes have also been improved: Current experiments with a \$75,000 ion-exchange pilot plant at Oahu Sugar Co. have resulted in a much better grade of brown sugar and molasses—but the economics of the operation are still doubtful.

Bulk storage and shipping. Much of the islands' brown sugar now goes to



ARTIFICIAL DITCH-of precast concrete-reduces sugar irrigation costs



rolling which approximates the precision of ROLLWAY'S bronze-retainer type bearings.

Why the "Guide-Lip" **Assures True Rolling**

The newest, most advanced feature in steel-retainer design!

The guide-lips in the TRU-ROL bearing are concentric with the roller. These curved double flanges are deep and broad in the retainer pockets . . . they guide each roller in perfect alignment . . . convey a constant thin film of lubrication to every roller . . . and keep it there. As a result, TRU-ROL is longer-lasting and gives better performance throughout the life of the bearing.

Only TRU-ROL has "Guide-Lips"

THIS COUPON TODAY!

ROLLWAY BEARING COMPANY, INC. Syracuse, N. 4.	ROLLWAY BEARING CO., INC. Syracuse, N. Y. Gentlemen: Please send me—free of charge—your new catalog with complete technical data on TRU-ROL BEARINGS. Name Company

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...the surest approach to lower production costs

Analysis of shop operations in a wide variety of manufacturing plants indicates that nearly half of all activity is concerned with the handling of materials. Hence, the adoption of more efficient materials-handling methods offers great opportunities for economy.

Whiting Overhead Traveling Cranes are able to operate without sacrifice of floor space...moving their loads above the working level and spotting them accurately wherever desired.

Experienced Whiting Crane engineers specialize in analyzing plant operations, recommending and building cranes at the lowest possible cost consistent with long life and operating economy. Whiting Corporation, 15661 Lathrop Ave., Harvey, Illinois.

FOR OVER 60 YEARS

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Offices in Chicago, Cincinnasi, Los Angeles, New York, Philadelphia, Detroit, Pittsburgh, and St. Louis. Agents in other principal cities. Canadian Subtidiary: Whiting Corporation (Canada) Link, Toronto, Ontario. Export Department: 30 Church Street, New York 7, N. Y.

California refineries in jute bags. Installation of bulk storage and handling equipment will make big changes in this picture: In a few months half of Hawaii's brown sugar will be moving from the mills in bulk; all of it will be bulk-handled as soon as the necessary facilities can be built.

This will bring about savings of at least \$2 a ton. Sea freight rates alone will drop from \$8 a ton in bags to \$6.50. (Matson Navigation Co. is cooperating in the development of new handling facilities.)

• Salvation—Along with these efforts, the sugar producers are working on still another money-saving angle: Several of them hope to cut administration costs by consolidating.

Sound Waves May Lick Soldering Problem

Sound waves are now being used for soldering. At Lockheed Aircraft Corp., engineers have been trying out an experimental soldering technique of this type, called sonodizing. Last week they were ready to talk about some of the test results.

By vibrating a soldering iron at very high frequencies they have been able to make soft-solder joints in hard-to-join metals like aluminum and its alloys, stainless steel, and chromium plate.

• Coating Trouble—The big trouble in soft-soldering aluminum has been the formation of surface oxide. This coating develops when the metal is heated to melt the solder. The oxide won't "wet"; therefore, the solder won't flow evenly over the joint.

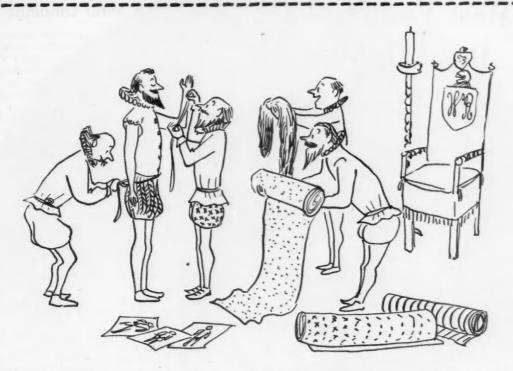
In sonodizing, vibration breaks up the oxide coating. Before the coating can form again, the metals have been joined. Two or three passes of the vibrating iron loaded with molten solder are enough to tin the metal.

Making Vibration—Sound waves provide the basic vibrator. To get the vibrations, Lockheed uses a magnetostriction device (this changes electrical oscillations into audible mechanical vibrations).

The device uses a soldering tip, a quarter-inch stainless-steel rod fitted with a Nichrome heater, which is attached to one end of a nickel tube. Impulses from an audio frequency oscillator, built up by four amplifiers, feed into a magnetostrictor coil around the tube. This coil changes the electrical energy into mechanical vibrations.

• Results—In the test work, anodized (surface-treated) aluminum, stainless steel, and Dural have all been successfully soft-soldered into fabricated forms after sonodizing. Phenolic strips have been metalized with zinc, lead, cadmium, and aluminum.

Never Underestimate the Power of a Woman!





Nor the Power of the Magazine Women Believe In: Ladies' Home Journal

No other magazine is such an important part of so many women's lives. That's why, if women buy your product, or influence its purchase, you can tell more women, so much more effectively in Ladies' Home JOURNAL

Bought by nearly a MILLION MORE women than any other magazine*

*Monthly OR weekly, with audited circulation.

Best Foods buys Best Lighting!



Best Foods Company picks Sylvania Fluorescent for its new, ultra-modern New York offices!

Modernlight for modern offices—that's one reason why Best Foods chose Sylvania fluorescent fixtures!

Planned by Sylvania! The Best Foods installation above consists of 249 louvred fixtures (CL-240's), each carrying two 40-watt lamps. Mounted in seven continuous rows down the 133-foot room, they give an average maintained output of 35 foot candles of light throughout this 9,500 square foot area.

Modern in efficiency! Sylvania CL-240's are ideal for the low ceilings in this office. Fitted with louvers, they give maximum light with minimum glare. They're simpler to clean, and what's more, not a tool is needed to replace lamps or starters. They're that easy to maintain.

Modern in looks! These handsomely designed fixtures add to the smart streamlined simplicity of the Best Foods office.



one in a complete line of unusually adaptable fluorescent fixtures which enables Sylvania to design lighting systems for any commercial or industrial need, Consult Sylvania's engineers on your lighting problems!

"Fluorescent at its finest!"

SYLVANIA*ELECTRIC

Sylvania Electric Products Inc., Fixture Division, Ipswich, Mass.

More Water, Less Fire For Safer Landings

You can't burn water, so the chances are that a hydraulic fluid made with a water base won't burn either. That was the nub of the thinking by Navy scientists four years ago when they started their search for a noninflammable hydraulic fluid. Today, after two years of intensive tests on their hydrolubes, the idea can be chalked up as a success.

• Tests—For the tests on Navy aircraft, the hydrolubes replaced petroleum-base fluids in landing gear, and in brake and flap-control hydraulic systems. Now the Civil Aeronautics Administration is trying them out for commercial planes. Big advantage of the fluids: less danger of fire in emergency landings, when hydraulic lines are sometimes broken.

Along with the water ingredient, the hydrolubes have an anti-freeze, a thick-ener, corrosion inhibitors, a wear preventive—and an organic chemical to make all the ingredients soluble. The freezing point is 82 deg. F below that of water.

• Co-Developers—In developing the hydrolubes, the Naval Research Laboratory had assists from E. I. du Pont de Nemours & Co. and Carbide & Carbon Chemicals Corp.



SILICONE: SHAKE-KILLER

Taking the bounce out of needles in dashboard instruments is the latest use for the war-born silicones (BW-Mar.29'47,p47). In liquid form, silicone has high damping qualities (kills vibration). So AC Spark Plug Division of General Motors Corp. puts a drop of silicone on the shafts of instrument pointers to steady the needles. The treatment was first used during the war in making gunsights. In a vibration test (picture, above) the silicone-treated needle (left) moves to position and stops; the other pointer continues to waver.



that makes your interests our first consideration

BOBBY'S always learning something in his workshop. Now he's found out how much satisfaction there can be in the way accidents are handled.

Bobby's father—a good businessman—gave careful thought to accidents among his employes. Seeking the best protection for his people, he investigated Hardware

Mutuals workmen's compensation and liability insurance. He found ample evidence of employe good will fostered by prompt, fair claim settlements; of fast, friendly, nationwide service provided for all risks, large or small, by a company known for financial strength and sound management-licensed in every state; of Safety Engineering Service capably designed to fit individual businesses.

Let your Hardware Mutuals representative show you how these advantages of the policy back of the policy can benefit your business, too. And bear in mind that each year since organization Hardware Mutuals policyholders have received substantial dividend savings. Send for our free booklet, "Industrial Safety Procedure."

Non-assessable Casualty and Fire Insurance for your AUTOMOBILE . . . HOME . . . BUSINESS

Hardware Mutuals

HARDWARE MUTUAL CASUALTY COMPANY HARDWARE DEALERS MUTUAL FIRE INSURANCE COMPANY Stevens Point, Wisconsin · Offices Coast to Coast

Mount Machinery



You can spend a lot of money in a year repairing damage due to machinety vibration. On the other hand, you can start, today, saving the greatest percentage of vibration damage expense by mounting all machinery the modern UNISORB way.
UNISORB absorbs from 60% to 85% of all transmitted vibration and noise.

This helps save buildings, floors—and even the machinery that creates the vibration.

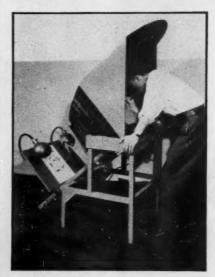
You use no bolts, nor lag screws when you anchor your machine on UNISORB. A special cement binds the UNISORB pads to the machine feet and the floor with a minimum holding strength of 1500 lbs. per square foot. Permanent set prevents riding.

Thousands of companies, including the biggest names in U. S. industry, are mounting machinery of practically every description on UNISORB—and getting big savings. Waiting can cost you money —so write, today, for UNISORB sample and full details.

THE FELTERS COMPANY

210-Q SOUTH STREET, BOSTON 11, MASS. Offices: New York, Philadelphia, Chicago, Detroit Sales Representatives: San Francisco, St. Louis

NEW PRODUCTS



Tracer Aid

Engineering and design departments can speed tracing work with a visualizer manufactured by Merritt Lacey Corp., 16 E. 43rd St., New York 17. The device, called the Lacey-Luci, will "blow up" drawings, layouts, or three-dimensional color work to the size of a full newspaper page. It can reduce the same material to a space about as large as a postage stamp.

The visualizer works in ordinary daylight, has a 165 mm. F4.5 color-corrected lens, a built-in photo-flood lighting system. It takes up 26 in. by 42 in. of floor space.

· Availability: three weeks.

Sectionalized Belt Control

Mines Equipment Co. thinks its sectionalized control for mining conveyor belts has two advantages: (1) In case of timber or roof falls, the control protects the belt system; and (2) it acts as an emergency start-and-stop control.

Sockets suspended from the roof at 50-ft., 75-ft., or 100-ft. intervals are connected in a circuit by electrical wiresections fitted with plug-in connectors. The wiring runs along the length of the belt on one side, crosses the belt, then returns along the opposite side. It is connected to the starting circuit of the conveyor motor. Thus, when a roof or timber fall occurs, the circuit is broken and the movement of the belt automatically stops. So there's no chance of a blocked-off motor burning out. If the belt has to be stopped suddenly, workers can disconnect the circuit at any of the sockets without crossing the belt or running along its length to find the usual push-button stop station.

Packaged units can be had for belts

600 ft., 1,200 ft., 1,800 ft., and 2,400 ft. long. The manufacturer's address: 4215 Clayton Ave., St. Louis 10.

Availability: immediate.

Vibration Control

Vibration control for small and medium-weight machines is offered in an easy-to-install device, the Chan-L-Mount. It's made by Lord Mfg. Co., 1639 W. 12th St., Erie, Pa. The mounting is 11 in. high, has a metal channel cushioned in soft rubber. Installation involves three steps: (1) putting the mounting under the machine; (2) sliding a bolt into the channel and through the base of the machine; (3) tightening the nut. The rubber cushion between the channel and floor plating on the mounting prevents jarring metal-tometal contact.

Typical applications for the Chan-L-Mount: air compressors, pumps, motor generators, refrigerators. It's for machines up to 7,500 lb.

· Availability: immediate.



Portable Welder

Lincoln Electric Co., Cleveland 1, has another entry for its line of welding equipment. This time it's a lightweight (502 lb.) portable welder that works from a gasoline engine. Compactly designed, the 180-amp. Linewelder is about 2 ft. wide, 2 ft. high, 4 ft. long.

The machine has a current range

from 20 amp, to 180 amp. It can be used for welding light- or heavy-gage metal, or for repairing cast-iron struc-

tures. Among its features:
(1) An output panel with three ranges of output current; a speed control makes adjustments within the

(2) An inclosed cabinet for generator



MINERCITY OF MICHICAN LIBRARIE



















Measure it by any industrial yardstick... East Texas is a preferred location for expanding or decentralizing industries. No other area can boast more diversified raw materials for manufacturing. None can claim a more friendly governmental attitude, or better living and working conditions. None has more cooperative skilled labor...finer transportation facilities... or a more dependable source of power. Here, too, pipe lines connected with some of the world's largest gas reserves bring low-cost, dependable natural gas to factories and homes. East Texas is a land of superlatives. It's the big industrial third of the biggest state in the land. Investigate East Texas-today!





... Serving the



For tailor-made industrial prospectus, write East Texas Chamber of Commerce, Longview, or Industrial Development Manager, United Gas, Sbreveport, La.

This ad is one of a series on the industrial advantages of the various sections of the "Gulf South," the area served by United Gas.

ON-BLEEDING Durez compounds are aloof. They have no trouble at all in resisting the blandishments of acidic organic materials, alcohol solutions, dry cleaning fluids. As one of the group of Durez phenolic compounds that serve so widely in industry, these plastics have excellent dimensional stability, low moisture absorption, and permanent, Justrous finish.

Non-bleeding Durez does not give off odor or taste... does not chip or shatter. It makes closures and caps that screw down tightly, loosen easily, and do not leak... buttons that stay bright through many cleanings and pressings.

Whether your materials problem calls for non-bleeding or totally different characteristics, the answer may well be in Durez. We offer you and your molder the advantages of greatly increased capacity and rigid uniformity control. Let us send you "Durez Plastics News", showing each month what others are accomplishing with Durez.

Durez Plastics & Chemicals, Inc., 406 Walck Road, North Tonawanda, N. Y.

Export Agents: Omni Products Corp., 460 Fourth Avenue, New York 16, N. Y.

Use Durez when the plastic must

keep itself to itself

TOILET GOODS. Alfred Dunhill men's toiletries are topped off with closures of rich brown Dunz having a molded-in groove that holds a polished brass saddle-piece firmly in place. Durez phenolic closures on leading lines have met with tremendous public preference.

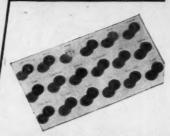
BUTTONS. Durez buttons meet every test. They resist fracture and chipping at the cleaner's. They retain their sparkling color and surface smoothness when subjected to cleaning or washing compounds. And Durez lends itself to infinite freedom in design.

LIQUOR CAPS. A widely accepted component of good liquor "costuming" is a Durez cap. The phenolic material is free from corrosion, will not contaminate delicate flavors. Durez caps have a pleasant feel and a quietly decorative lustre.

MEDICINE CLOSURE. The Upjohn Company uses a unique type of Durez cap that holds and encloses the rubber dropper bulb on its Tincture Mercresin bottle. The cap is unaffected by acids and other chemicals, has impact strength necessary in a re-use application.



TOILET GOODS



BUTTONS



LIQUOR CAPS



MEDICINE CLOSURE





PHENOLIC PLASTICS THAT FIT THE JOB

controls; a fan on the generator shaft acts as cooler.

(3) A Wisconsin 2-cylinder, air-cooled engine. The speed of the engine determines the welding current; it can be adjusted between 2,300 rpm. and 1,800 rpm. Equipped with a 3½-gal. gasoline tank, the unit will work under normal conditions for about 6 hr. before refueling.

(4) Mounting rails to bolt the welder to the floor or to trailers.

· Availability: immediate.



Plant Transit

In lots of big plants, getting from one end of the factory to the other can be a problem. Beall Mfg. Co., 746 Woodland Ave., Cleveland, thinks it has this transportation problem licked with its Widgit, an electric car revamped for industrial use. Originally designed for invalids, it carries one person.

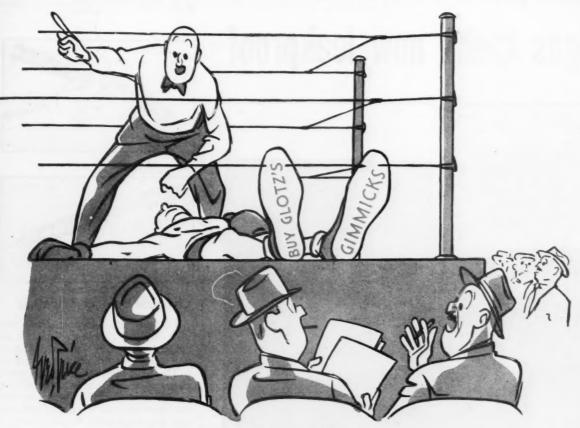
Controls are centered in the tiller so that the car can be started, steered, and stopped with one hand. Top speed is 15 mph.; B. F. Goodrich's expander-tube brake stops the car within a foot—at any speed. Power is supplied by two 6-v. automotive batteries, good for 20 mi. before recharging. Recharging is done by plugging the unit into a light socket.

· Availability: 30 days.

Drum Lift

A drum-carrier attachment for fork trucks is manufactured in a new model by Trayner-Reinhart, 1627 Willow St., Oakland 7, Calif. Designed to work on any 2,000-lb. fork truck, the Twin will lift, move, and stack two 55-gal. drums. After the first installation, it can be interchanged with regular fork equipment in a few minutes.

In lifting and carrying, drums are



And then the ring really revolves so everyone can see it, eh Judson?

Judson: Why, no sir, I hadn't thought of that. But it's a great idea to hop up the dealers, don't you think?

Chairman: Well, maybe, but nothing makes a dealer feel as good as a steady stream of people demanding a product like ours. That takes month-in and month-out advertising.

Judson: But we can't do that on our budget!

Chairman: Certainly we can, if we select a group of regular buyers like the 1,800,000 REDBOOK families. They buy nearly 90,000,000 cans of coffee a year. They buy over 250,000,000 packages of

REDBOOK

gelatin desserts a year. They'd buy our product if we told 'em how good it is.

And when you talk budget, just remember that \$30,000 will tell our story to 1,800,000 REDBOOK families every month in the year in 3/5 pages. That's the kind of advertising our dealers like.

REDBOOK gives us a SIX BILLION DOLLAR market of regular buyers. Let's tell our story to them—and tell 'em regularly!

REDBOOK

444 Madison Avenue, New York 22, N.Y.

Weld pin-holes eliminated .gas tanks now leakproof

A well-known Southern metal fabricator had trouble welding gasoline storage tanks. They found that a great many pin holes were showing up in the completed welds. This con dition resulted in leaks, with a correspondingly high percentage of rejects.

H. J. Korner, Airco Technical Sales Representative suggested switching to Airco No. 78E electrodes - a high quality electrode for all-position welding. He recommended continuing their already established production procedure: two 45", 14-gauge galvanized steel sheets are rolled into two cylinders 40" in diameter. These are mounted on

power-driven, revolving rolls, and welded both longitudinally and together, forming a 90" cylinder. At each end flanged heads are welded into position, completing the tank. 467 linear inches are welded, and the entire operation is completed in 38 minutes. The No. 78E electrode completely eliminates pin holes, and resulting leaks.

TECHNICAL SALES SERVICE - ANOTHER AIRCO PLUS-VALUE FOR CUSTOMERS

Technical Sales Service - though not a packaged commodity - is as readily available to all industry as any Airco process or product. If you have a metal working problem, ask to have a Technical Sales Division man call. Address Dept. BW-8750, Air Reduction, 60 East 42nd Street, New York 17, N. Y. In Texas: Magnolia Airco Gas Products Company, Houston 1, Texas. On West Coast: Air Reduction Pacific Company, San Francisco 4, California.



REDUCTION

Offices in all principal cities

parters for Oxygen, Acetylene and Other Gases . . . Carbide . . . Gas Welding and Cutting Machines, Apparatus and Supplies . . . Arc Welders, Electrodes and Accessories

held by a wedge-like gravity grip covered with non-slip rubber. The drums are released by hydraulic pressure that retracts the gripping shoes.

• Availability: immediate.





Chemical Heat for Soldering

For fast, safe soldering, a new iron works without electricity, flame, or any external heat. The maker: Kemode Mfg. Co., 2 W. 46th St., New York 19.

The Quik-Shot soldering iron uses a chemical heating cartridge to build up a high tip temperature in 5 sec. The heat lasts for 8 to 10 min. of soldering. Just two steps make the iron ready for use: (1) Open the iron at its middle, insert the heat cartridge in the copper tip, screw the tip into the handle (top picture); (2) pull back the spring rod at the end of the handle and release (bottom picture). The cartridge is fired by a firing pin attached to the spring rod. Kemode says the iron has a wattagerating range of 50 w. to 200 w.

· Availability: September.

P. S.

The all-purpose speed handle makes a usable hand tool out of any file, razor blade, hacksaw blade, or reamer. It clamps onto the tools much like a drill chuck; a twist of the wrist changes over from one tool to another. Speed Corp., 2025 N.E. Sandy Blvd., Portland, Ore., has just put it on the market.

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Bacteria-making yeast for use in cleaning septic tanks is marketed by AAA Sanitation Service Co. Laboratory, 2042 National Bank Bldg., Detroit 26.

Ice-cube trays will slide in and out of your freezer compartment easily if you use Carbide & Carbon Chemicals Corp.'s "6-12" Tray-Slide, the company says. A few drops of the liquid on the bottom of each tray keeps it from sticking. Address: 30 E. 42 St., New York 17.



THE INFLUENCE of St. Louis extends far beyond its metropolitan area (shaded on map)

St. Louis: Industrial Hub

Geographical location makes city a center for industry and transportation. Slum clearance now proposed will make it even more attractive to workers and to new industries.

By midwestern standards, the city of St. Louis is ancient. It began in 1764 as a French post for the Indian trade. Because of its location in the center of the Mississippi Valley, St. Louis has been a gateway to the West and to the Gulf Coast ever since.

• Pride—The city is conservative, unpretentious; life moves at an easier tempo than it does in New York or Chicago. But although St. Louis may lack some of the glamor of its bigger sisters, its citizens (who pronounce it "St. Lewis" and not "St. Looey") are proud of their city.

Because of that pride, St. Louis has long been disturbed by the blight of an extensive slum area. This week, it seems to be on the way to doing something about it: The board of aldermen are preparing to submit a \$16-million bond issue proposal to the voters next November. If it is O.K.'d the money will be spent on replacing the 22-block-long, 3-block-wide slum section with parkways, apartment houses, landscaping, etc.

• Transportation—To St. Louis citizens, these improvements are about all the city needs—they feel that it has everything else. They point out, for example, that their city is a major transportation center. Its metropolitan area is served by 18 trunk-line railroads. This gives St. Louis shippers access to long hauls, puts them in a favorable position for

For building sales in your BIG home market...



SUCCESS IS A HOUSEHOLD

Note that word BIG. Of all America's non-farm homes, 6 out of 10 go up in small cities and towns... the Household market. BIG again — the homes of Household families average more than six rooms each!

No wonder these big homeowners warm to Household's Idea-Planned editorial pages. Here are the home ideas they seek more than 255 per issue—practical ideas for better living that send these families rushing to buy.

Of the 2,000,000 Household families, almost a third plan new construction . . . two-thirds plan to modernize . . . still more want new furnishings and equipment.

They have more to spend than ever before—yet Household still brings you this rich, responsive market at the lowest cost per page per thousand.

Household's Success Story-

- * Handsome new format!
- ★ Advertising revenue up over 40%! More 4-color ads!
- ★ New high circulation—over 2,000,000!
- ★ Lowest cost per 1,000 readers—\$2.25 for black and white page, \$3.00 for 4 colors!

Capper Publications, Inc., Topeka, Kansas

HOUSEHOLD

a magazine of action for small cities and lowns



FOUNTAIN of YOUTH

The fabulous water that restores vigor and beauty to aging bodies is still only a fairy tale. But if Ponce de Leon could look upon America today, he could well believe we had found that miraculous fountain he was looking for.

An important contributing factor to this seeming miracle is the modern metal-forming press as built by Clearing. Because it speeds production incredibly as compared to old, toilsome methods, the press has given us more things to enjoy at lower cost. It has given us, too, more leisure in which to enjoy them, for press methods involve minimum human labor. The precision built into Clearing presses has made it possible to extend the economy and speed of such methods to many close-tolerance jobs formerly considered impractical for press production.

If you are a manufacturer of anything made in quantities—whether of metal, plywood or other materials—it will pay you to consider Clearing press methods as applied to your job. If faster production at lower cost would give your business new youth and vigor, perhaps we can show you the fountain. It doesn't cost you anything to ask us.

CLEARING MACHINE CORPORATION

6499 West 65th Street . Chicago 38, Illinois

CLEAR THE WAY TO EFFICIENT MASS PRODUCTION



dealing with eastern and western mar-

Shippers also have-and still use-the great, important Mississippi waterway system which was the chief factor in St. Louis' prosperity in steamboat days. This system serves river ports of 17 states and reaches the ocean through New Orleans and the Great Lake ports. In 1946, more than 1.8-million tons moved in and out of the city by water. • Labor Record-St. Louis citizens are also proud of their city's labor record. A recent A.F.L. report on the 12month period ending last August says that more than 98% of A.F.L. contracts were negotiated without strikes. Less than 1% of possible working days were lost.

St. Louis has an abundant source of labor. It is the metropolis for much of Missouri, southern Illinois, western Kentucky and Tennessee, and northern Arkansas. Farm mechanization sends a steady stream of young workers to the city.

• Industrial Variety—Perhaps a big reason that St. Louis can boast good labor relations is the wide variety of its kinds of industries. Not more than 8% of the workers in the area are employed in any one line.

Besides providing a cushion against depression, this diversification makes it possible for workers in a temporarily slack business to find jobs elsewhere. Employers who are looking for help can usually find it locally.

• Specialties—St. Louis, however, does have specialties. It made about a quarter of the nation's shoes last year. St. Louis beer is well known. Meat packing is a leading industry. The city's chemical industry is becoming increasingly important. St. Louis is a center for manufacture of electrical machinery. Quite a few stoves are made

Monsanto Chemical Co., Merck & Co., and Mallinckrodt Chemical Works ship drug products all over the world. Monsanto makes more than half of all the aspirin made in the U. S. Grove's Bromo-Quinine and Lewis-Howe Co.'s Tums are made in St. Louis.

• Dry Goods Market—St. Louis is one of the best-rounded markets in the country. For example, it is a center for "junior miss" clothing, a line which does a total business there of about \$75-million a year. Three market weeks are held each year for junior miss and women's clothes.

The local dry goods market covers a vast quantity of miscellaneous items. And it is highly important to St. Louis business life. Ely & Walker is one of the biggest wholesale dry goods houses in the world. With its two outside subsidiaries, this firm does an annual business of \$150-million. Rice-Stix



Helping public utilities maintain power prices at low levels is a continuing aim of B&W. "Warming over"—reheating—the steam that drives the turbo-generators in large central stations has been a feature of many B&W Boilers for over 20 years. Latest example of how importantly this feature contributes to economical power generation in the face of today's high fuel costs and other unfavorable operating conditions, are the results being designed into the new Philip Sporn Plant of the American Gas and Electric System. Here three modern B&W Boilers with reheaters will help set the lowest heat rate ever attained in any steam-electric generating station. Reheating will enable this plant to produce a kilowatt-hour with several per cent less coal than a straight regenerative cycle.

To keep inflation out of power costs, it will pay you to call on B&W experience on any plans involving steam generation.

THE BABCOCK & WILCOX CO.
General Offices: 85 Liberty St., New York 6, N.Y. Works: Allience and Barberton, O., Augusta, Ga

THE BABCOCK & WILCOX TUBE CO.
General Offices: Beaver Falls, Pa. Plants: Beaver Falls, Pa.; and Alliance, Ohio



Water-Tube Boilers, for Stationary Power Plants, for Marine Service . . . Water Cooled Furnaces . . . Superheaters . . . Economizers . . . Air Heaters . . . Pulverizede-Coal Equipment . . . Chain-Grate Stukers . . . Oil, Gas, and Multifuel Burners . . . Seamless and Welded Tubes and Pipe . . . Refractories . . . Process Equipment



HEADS TURN

American women dress fashionably today with minimum expense thanks to the high productive efficiency of American textile machinery. For smooth-working, long-lasting equipment, mill owners use durable *Perbunan* rubber in spinning cots, slasher rolls, shuttles, carding blankets, pickers, and aprons.

From petroleum to printing, from railroading to appliances, other industries are finding out about versatile *Perbunan*. Compounded in any degree of hardness, tinted any color, it withstands severe frictional wear, extreme heat or cold, deterioration from oil and other rubberdestroying fluids.

Maybe you too have a tough job for *Perbunan*. We will gladly supply further information and guidance. Please write to:

ENJAY COMPANY, INC. ESSO BUILDING, 15 W. 51st ST., NEW YORK 19, N. Y.



The special rubber that resists oil, air, water, heat, cold and time Coorright 1948, Enjay Company, Inc.

Dry Goods does about \$60-million. Both concerns do some manufacturing and finishing.

• Other Markets—A third major St. Louis market is furs. This was important even before the days when John Jacob Astor's American Fur Co. dominated the local field in the 1820's and '30's. Today, the bulk of the world's sealskins are shipped into the city for processing by the Fouke Fur Co., which has a secret method of treating skins. St. Louis is also a major hardware marketing center, and the metropolitan area is a market for cattle, horses, and mules.

Another thing that makes St. Louis important in the Midwest is the fact that the Federal Reserve Bank for the central Mississippi Valley is located there. Bank clearings were nearly \$1.4-billion for 1947, an increase of about 17% over 1946. Sixty banks in the area have \$2-billion in deposity and \$130-million cash funds. More than half the deposits are in four banks: the First National, the Mercantile Commerce Bank & Trust, the Boatmen's National, and the Mississippi Valley Trust

• New Industries—The many advantages of the city have attracted scores of new industries to St. Louis. Sixty-six new industries came in 1946, 47 last year. Total investment for both years: \$13.2-million.

Lever Bros. will soon start a \$40-million program in the St. Louis area, will complete it in about 10 years. The first Lever plant, a synthetic detergent and soap factory costing about \$10-million, is scheduled to be started this summer.

Ford Motor Co. has just built an assembly plant, which handles Lincolns and Mercurys. (Chevrolet already has an assembly plant here.)

• Existing Industries—However, the growth of existing industries is considered more important for the future progress of an older community like St. Louis. In 1947, 97 projects, were in the works at a cost of nearly \$65-million.

Here are representative projects:

Anheuser-Busch, Inc. is enlarging its brewing facilities and its railroad yards. Cost of this expansion will be about \$10-million.

Monsanto Chemical Co. last fall completed a new plant and a new office building in St. Louis, costing \$2.5-million. Mensanto has also leased the government plant it operated during the war, spent \$1-million on it. At nearby Monsanto, Ill., the company has under way a \$4-million expansic program, including a detergent plant.

Famous-Barr Co., a leading department store which is part of the May chain, has built a new downtown warehouse which doubles its storage capac-

ity. The store is building a suburban branch, has two others planned.

Union Electric Co., which supplies city light and power and employs 3,000 workers, has a \$386-million expansion program under way. This will take 15 years to complete, will boost capacity 160,000 kw. a year within five years. It is hoped that eventually the present 800,000 kw. a year capacity will be doubled. St. Louis has had a power shortage, but no shutdowns or unemployment have resulted.

Ralston Purina Co., producers of animal and poultry feed, and breakfast cereal, has built a laboratory since the

A. S. Aloe Co., makers of surgical supplies, has made a \$300,000 addition to plant capacity.

• Steel Shortage—The St. Louis area normally uses about twice as much steel as is produced locally. There has been a particularly acute steel shortage here because outside suppliers—who have to absorb a freight differential when they sell in the St. Louis market—are selling closer to home. St. Louis gets practically nothing from distant steelmakers now. However, the effect has been spotty; there have been brief shutdowns in local plants, although nothing serious. But production has been slowed up.

St. Louis was once the fourth largest



FIERY FELIX LAUGHS

In Syracuse, N. Y., "Fiery Felix" dramatizes a campaign against fire. Felix, a professional actor, was hired by the Fire Protection Institute to bring home the fact that \$700-million goes up in smoke in the U. S. each year. One-third of these losses are borne by business and industry. Here Felix shows workers at Carrier Corp. the need to obey fire safety rules, while Syracuse firemen, who cooperated in the week-long drive, stand by.



About the long end of a Shortage

Do you remember last winter's gas shortage?

The reasons for this nationwide shortage are many. Some cities need pipe lines. Others—stand-by storage plants. Dresser furnishes every kind of equipment needed here, too. Huge holders or sub-zero storage plants for cities, then, for miles and miles behind these—the pipe lines, the booster stations, even to equipment for drilling more wells or for manufactured gas plants. It's a long, long way from a new home in the north to a new well in the south. Dresser is ready with all the pieces, but it takes a long time for the industry to put them together. Dresser engineering services are helping to shorten this long task of ending a shortage.

Dresser builds gas-fired heating appliances for home and industry. It is one thing to make better devices for consuming gas. It is another to engineer better equipment for the industry to supply its consumers. Dresser does both for gas.

BOVAIRD & SEYFANG Mfg. Co.

Bradford, Pa.

BRYANT Heater Company
Cleveland, Ohio; Tyler, Texas
CLARK Bros. Ca., Inc.
Olean, New York

Olean, New York

DAY & NIGHT Mfg. Co.

Manrovia, Calif.

DRESSER Mrg. Division Bradford, Pa.

DRESSER Mfg. Company, Limited Toranto, Ont., Cenada

INTERNATIONAL Derrick & Equipment Co., Beaumont & Dallas, Texas; Torrance, Calif.; Columbus, Marietta & Delaware, Ohio

KOBE, Inc. Huntington Park, Calif. PACIFIC Pumps, Inc. Huntington Park, Calif.

PAYNE Furnace Co. Beverly Hills, Calif. ROOTS-CONNERSVILLE Blower Corp.

SECURITY Engineering Co., Inc. Whittier, Calif.

STACEY BROS. Gas Construction Company Cincinnati, Ohio Stacey-Dresse: Engineering Division Cleveland, Ohio

THE ONLY COMPANY DOING AN OVER-ALL JOB

From well to refinery
for the Oil Industry—
From source to home appliance
for the Gas Industry



FERMINAL TOWER . CLEVELAND 13. OHIO

90% OF ALL PRO-DUCED IN 42 YEARS STILL IN USE!



ELWELL-PARKER Power Industrial Trucks more than justify their cost because they continue to cut materials handling expense for years and years. Their remarkably long life is due to Elwell-Parker's unequalled engineering—gained by 42 years' experience serving 300 branches of industry.

E-P trucks are operated by the world's cheapest power—electricity. 47 models "tailored" to your specific load and plant conditions by the man.

FREE

explains Scientific Materials Handling. 44 illustrated pages. Ask for "Industrial Logistics". The Elwell-Parker Electric Co., 4535 St. Clair Avenue, Cleveland 14, Obio.

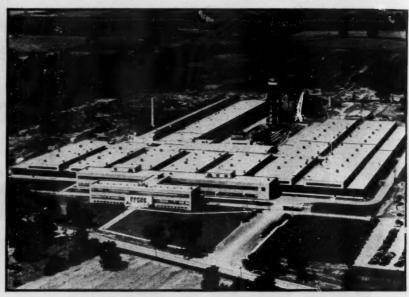


ELWELL-PARKER

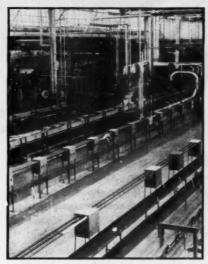
Power Industrial Trucks Since 1906 U. S. city, but dropped to eighth in the 1940 census. As a matter of fact, the city itself lost population between 1930 and 1940, while its metropolitan population grew. It is estimated at

nearly 1.7-million, with 900,000 within the city limits.

• \$200-Million Project—The city's plans for improvements eventually will cost more than \$200-million.



BIG, NEW PLANT of New Departure at Sandusky makes bearings by using . . .





ELECTRONIC CONTROLS (boxes), . . . MANUAL OPERATION, for inspection

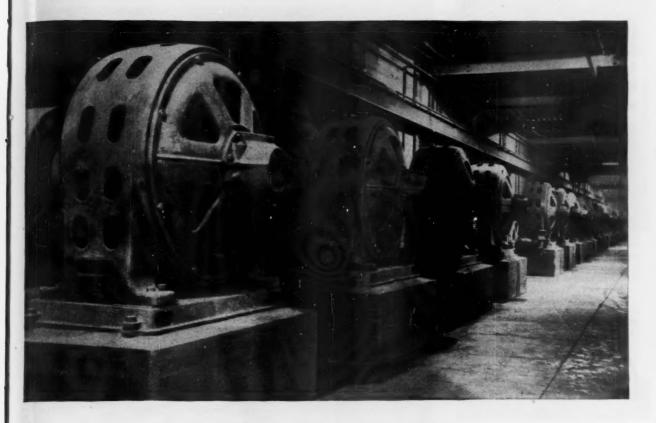
Ball-Bearing Maker Decentralizes into Ohio

The New Departure Division of General Motors Corp., an old resident of Connecticut, last week let the public look inside its new \$25-million plant—in Ohio.

Executives give several reasons for the decentralization: (1) So many ball-bearing plants are concentrated within Connecticut that in a war they could almost be wiped out by one successful bomber run; (2) the freight rate on bearings from Connecticut to Detroit is about twice what it is from Sandusky to De-

troit; (3) steel moves from Ohio and Pittsburgh mills in a straight line to Detroit via Sandusky; (4) deliveries to and from Connecticut are sometimes tied up in winter months.

The big output from the Sandusky plant will be bearings for the auto industry. Officials boast that, within the next five years, the new plant will become the world's largest producer of ball bearings. Connecticut plants will probably concentrate on bearings for nonautomotive uses.



FIBERGLAS* ... strength tonic for tired motors

Ever work 'round the clock, for days at a stretch—only to be told you'd have to up your production?

That's what happened to these cement mill motors; a tough grind, in every sense of the word! Not only were they called upon to operate continuously under conditions of dust, dirt and abrasion—but increased demands on the plant's capacity forced upgrading of the nameplate power rating.

The answer? Rewinding with Fiberglas-base Electrical Insulating Materials. The space-saving characteristics of these unique insulations permitted redesigning of the motors to a higher rated horsepower on the same frame.

Ability to withstand overload heat, abrasive dust and similar hazards, cut motor failures to a minimum, permitting uninterrupted operation at peak capacity.

Even though such extreme demands may never be placed upon your electric power drives, you'll find it good insurance to have the added protection of Fiberglas-base electrical insulations. To give your old motors new life—specify Fiberglas rewinds. And, to get peak performance, ask for Fiberglas insulation when you buy new motors. Let us show you complete case study data supporting these claims. Owens-Corning Fiberglas Corporation, Dept. 803, Toledo 1, Ohio. Branches in principal cities.

In Canada: Fiberglas Canada Ltd., Toronto, Ontario,

FIBERGLAS

ELECTRICAL INSULATING MATERIALS



She sits all day on a Sturgis Posture Chair, which encourages the posture that defeats fatigue and develops the poise that personifies good health. You just know she does her work well!

Write us for information about the complete line of Sturgis Posture Chairs. Your Sturgis dealer will be glad to give you a demonstration.





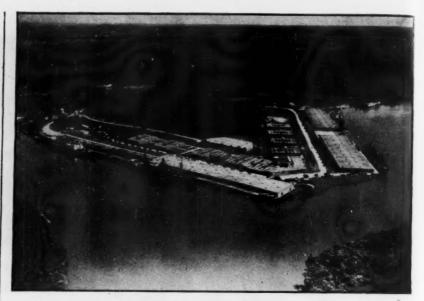


MISSOURI INVITES INDUSTRY

Proof that Missouri is a good location for industrial success is the fact that so many industries are enjoying success here. Perhaps Missouri offers just the advantages needed for your business growth.

 Write on your letterhead for the new Missouri Industrial Brochure and facts and figures on your specific business.

MISSOURI DIVISION OF RESOURCES & DEVELOPMENT Jefferson City, Missouri, or 1809 G. St. Washington, D. C., Dept. 53-8



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Lake Charles' Deep-Water Port...



... Keeps Warbuilt Plants Humming

City that refused to take war's end as close-down signal now claims \$200-million chemical industry. And it's still growing. Raw materials, transport facilities, skilled labor are assets.

If you've got a good harbor, and other transport facilities, a lot of raw materials handy, plenty of fuel and power, you've got the makings of an industrial center. The story of Lake Charles, La., is living proof of what you can do if you've got the stuff.

you've got the stuff.

In 1923, it looked as though the little community might be a cow town—actually—for the rest of its days. In 1945, the war's end threatened to leave

it with a big postwar ghost industry on its hands.

• \$200-Million Catch—There's nothing ghostly about Lake Charles' industry today.

During the past 14 years it has snared a \$200-million chemical industry—most of it built during the last eight years under the needling of wartime urgency. And it has prospects of still more.

Not a war plant is idle now. Many

70

have been enlarged since VJ Day; in some cases additional plants have been

• An Example-Take the electric power facilities. The city is served by two power lines of Gulf State Utilities. When the war boom started, there wasn't enough power to run the new industries. So Defense Plant Corp. built two new generating plants. One delivers 60,000 kw.; the other, 35,000

When hostilities ended, plans were to dismantle and sell both plants. But Lake Charles' business leaders saw big things ahead if they could hang on to the war-born operations. They got busy on a selling drive. The result was that Gulf State Utilities Co. bought one of the power plants; Southern Alkali Corp. bought the other.

Even they are not enough now. Within the past month, Gulf State has had an O. K. from the Reconstruction Finance Corp. to double the size of its 35,000-kw. Riverside power-generating plant, at a cost of \$2-million.

• Some Selling Points-Lake Charles, of course, had some strong selling points: Here are the main ones, as its business

leaders see them:

Raw materials. Brine from the salt domes only 10 miles out of town; oyster shells (from which lime is made) from the endless coastal reefs of Lake Calcasieu and the Gulf.

Cheap fuel. United Gas Pipe Line Co. brings in natural gas from surrounding fields in southwestern Louisiana and nearby Texas.

Cheap electrical power. The Assn. of Commerce claims the city offers the lowest cost power of any deep-water

Handy transport facilities. Inland canals connect the port with the Gulf of Mexico. For rail service, Lake Charles has Missouri Pacific, Southern Pacific, and Kansas City Southern. By air, Eastern Air Lines links it to most U. S. points; and New Orleans' Moisant International Airport, less than two hours away, makes South and Central America

Favorable tax situation. Under Louisiana's 10-year exemption law, new plants can get exemption from ad valorem taxes. Additions to existing plants are also eligible for exemption.

Trained labor. Here the war helped, by training a big pool of chemical workers who are staffing the postwar indus-

• Two Big Pushes-Lake Charles businessmen were determined to build on what they had. The first time they beat off stagnation was in 1923.

At that time, sawmills had cut over most of southwestern Louisiana's pine crop. That left Lake Charles with cattle as the only source of revenue. Its business leaders wondered: Why not build

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a deep-water port? U. S. Army Engineers said no; digging a channel to the Gulf would be a waste or money. So local leaders put across a bond issue to build their own port, subscribed every cent of it locally, dug their channel. In 1939, they got the federal ear—and funds—for a straight deep-water channel. The port was completed July, 1941.

The second big push came in 1945. At the war's end, Lake Charles leaders telephoned their senators and representatives in Congress, talked up their town to plant operators, and sold their bill of goods.

of goods.

• Who's There—A roster of the chemical plants takes in:

Mathieson Chemical Corp. is the grandfather of Lake Charles' chemical industry. It moved there in 1934, with a plant investment of \$75-million. Later it operated a government-built ammonia plant. Now it has taken that over, and is adding facilities to make caustic soda, soda ash, synthetic salt cake, and ammonia.

Southern Alkali Corp., jointly owned by Pittsburgh Plate Glass and American Cyanamid, operates a plant built during the war to produce magnesium (picture, page 70). Southern Alkali utilizes salt to make liquid chloride; it also turns out caustic soda and soda ash.

Cities Service Oil Co. owns a 100,000-bbl. refinery on Lake Charles' ship channel. Petroleum, mostly from Texas, is shipped in by tanker. Across the street, Cities Service operates a wartime butadiene synthetic rubber plant for the government; the plant uses part of the refinery's output.

The synthetic rubber then moves next door to a \$15-million plant built by RFC during the war; Firestone has it now, under lease. Firestone and Continental Refining Co. jointly will run a \$30-million lube plant, (under the name of Citcon); it's under construction now on the chire changel.

on the ship channel.

• Prospects—The Assn. of Commerce is working on other prospects: It is trying to sell two manufacturers on the advantages of using sulphuric acid, byproduct of Cities Service production. It also has its eye on three chemical companies—which would bring another \$70-million investment to the city.

 Payoff—Statistics prove what the industrial boom means:

(1) Department store sales jumped22% in March over the previous year.(2) Building permits were up 199%

(2) Building permits were up 199% in the same month. (The Louisiana average increase was only 34%.)

(3) Manufacturing sales increased 36.7%. (The state average increase reported by Louisiana State University's Bureau of Business Research is 10.7%.)

• Who Did It—Chief gardener for Lake Charles' industrial growth has been Sam Jones, former governor, who lost to Earl Long this year. Jones is a native

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BUSINESS WEEK . June 12, 1948

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of Lake Charles. One of the things he did while governor (1940-1944) was to repeal the 1¢ per-bbl. refining tax that Huey Long had imposed on oil companies. That repeal led to Cities Service's choice of Lake Charles as a refinery site. (That's why new Long taxes are worrying businessmen—BW—Jan.5 '48,p22.)

Another plugger is Rupert Cisco, aggressive manager of the local commerce group—and his hustling board. These include Elmer Shutts, consulting engineer; Sam Richard, president of the state port authority; and Arthur L. Gayle, wholesale food merchant.

Cities in Cash Hunt Turn to Income Tax

More cities are levying taxes on incomes to fill bagging municipal purses.

• Five Year Tax—Springfield, Ohio, has just passed an income-tax bill to raise \$1-million for general operating expenses. The tax exempts people with incomes up to \$20 a week. It will run for five years.

Springfield has been in a tight spot. With an \$807,000 deficit, officials had declared the city would be broke by July 1 if the tax didn't go through. To cut down operating costs, it laid off 60 city employees this spring, darkened 300 street lights, dimmed 300 more, and halted some trash collections.

• Others—Springfield is the third Ohio city to try an income tax. Columbus began collecting a ½% levy this January (BW—Nov.22'47,p34); Toledo has had a 1% tax for over a year (BW—Apr.26'46-51).

Youngstown, Ohio, is another community that's giving the income-tax idea a whirl. It is now holding public hearings on a proposed ord nance to tax incomes 0.25%. Object: to lick a \$500,000 deficit. Portsmouth, Ohio, and its neighbor, New Boston, are also eving this source of revenue wistfully.

• Opposition—Not everyone in Ohio is happy about the municipal income tax. The C.I.O. fought it in Columbus; it forced a referendum, held this week, on whether to keep the tax. C.I.O. threatens to do the same in Springfield—but the new ordinance has the backing there of A.F.L.

Last week Gov. Thomas S. Herbert turned down a request to call a special legislative session to consider the city's plight—even though the state is piling up \$140-million annually from its sales tax. He did agree to meet with local associations to discuss plans for state aid.

In Louisville—And not so far away, Louisville, Ky., has put through a 1% tax on payrolls and on net profits of professional men and businesses. It will take effect July 1.



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Five members of a subcommittee of the Senate Commerce Committee are...

Deciding the Fate of Your Pricing System

Court decisions in FTC cases cast doubt on legality of all delivered-price formulas. New law may be only solution.

Delivered pricing is part and parcel of the marketing operations of hundreds of U.S. industries. And, in the opinion of many businessmen, all such systems-which include freight in the quoted price-are in jeopardy today. A series of court decisions, in cases brought by the Federal Trade Commission, has steadily put more pressure on delivered prices. So there is uncertainty throughout business as to what to do next.

• Testimony-Last week FTC told a congressional committee point blank that all delivered-price systems have not been outlawed by the recent court verdicts. Chairman Robert E. Freer, speaking in the name of the whole commission, said that the legality of any such system must be determined in each individual case. He said further that FTC cannot advise a businessman in advance

whether a particular pricing system is legal; it can only investigate and act after a complaint has been filed.

This testimony does not add up to much reassurance for businessmen. They know as well as Freer that court decisions rendered so far do not specifically rule out all delivered-pricing systems. They fear what seems to be a trend in FTC and court thinking.

• Mason Speaks-To back them up, businessmen have the opinion of another Federal Trade Commissioner, Lowell B. Mason. In a speech at the Harvard School of Business Administration just a month ago, Mason said that, in his personal opinion, recent court decisions mean in effect that:

(1) Basing-point pricing systems are

(2) Zone prices are out.

(3) Any individual "postage-stamp" price system is out.

The Laws

Two acts of Congress make up the legal basis for all FTC actions against delivered prices. They are the Federal Trade Commission Act (passed in 1914), and the Clayton act (also passed in 1914) as amended by the Robinson-Patman act (m 1936).

• FTC Act-Section 5 of the Federal Trade Commission Act merely says that "unfair methods of competition in commerce and unfair or deceptive acts or practices in commerce are . . . unlawful." It also gives FTC the power to enforce this provision. But nowhere in the act is "unfair competition" defined. Thus, the interpretation of Section 5 is left to FTC and the courts.

Early in its career, FTC began interpreting "unfair competition" to include all of the various types of restraint

of trade that are outlawed by the Sherman antitrust act. It also interpreted the section to include practices that might grow into Sherman act violations if left unrestrained. The Supreme Court

upheld both of these interpretations.

• Clayton Act—Section 2 (a) of the Clayton act as amended by R-P forbids a seller to discriminate in price between different customers. There are several qualifications. Discrimination is not illegal, for instance, unless its effect (1) may be substantially to lessen competition; (2) may tend to create a monopoly; or (3) may be to injure, destroy, or prevent competition with the seller, with the buyer, or with any customer of either of them.

Price differentials are not prohibited if they are justified by "differences in cost of manufacture, sale, or delivery." Finally, in Section 2 (b), price discrimination itself is permitted if the seller can prove that "his lower price . . . was made in good faith to meet an equally low price of a competitor."

Pricing Methods

There are three major delivered-price systems in general use by American business today: basing point (single or multiple), zone, and "postage-stamp."

• Single Basing Point—The most famous instance of single-basing-point pricing is "Pittsburgh plus," as formerly used by the steel industry. Under this system, all steel was quoted on the basis of a fixed base price at Pittsburgh, plus the cost of railroad freight from Pittsburgh to the buyer's plant. Under such an arrangement, many buyers pay "phantom freight": If a seller has a mill in Chicago, say, his Chicago customers still have to pay him "freight" from Pittsburgh.

• Multiple Basing Points-The multiplebasing-point system is similar to the single basing point, except that several cities or mills are set up as basing points. The delivered price is determined by the lowest combination of base price plus freight. All mills quote that delivered price.

This can also result in collection of phantom freight because, in most industries, many mills do not quote base prices of their own-they are non-basingpoint mills. When such a mill is closer to a customer than any of the base mills, he still charges the lowest combination of a base mill's base price plus freight. Since he is closer to the customer, he is collecting for freight charges that he does not actually pay,

Multiple basing points also introduce another factor: freight absorption. The base mill whose base-price-plus-freight is not the lowest, quotes the lowest combination. What he is doing, in effect, is to quote his own base price plus an amount for freight that is less

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Read how Acme Steelstrap enabled maker of aluminum garage doors to save materials, labor, freight costs, inventory, and damage claims



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BUSINESS WEEK . June 12, 1948



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than he actually has to pay. In other words, he is absorbing some of the freight.

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• Zone Pricing—Some industries and many individual companies split the country into zones for pricing purposes. No basing points are set up. All consumers in any one zone pay the same delivered price. This involves what is known as freight equalization. This can be interpreted as a combination of phantom freight (to nearby customers) and freight absorption (to distant customers).

The zone system introduces one more factor: Customers in different zones pay prices that may differ substantially, even though their plants may be just across the zone boundary from each other.

the zone boundary from each other.

• "Postage Stamp" Plan—Some companies quote identical delivered prices anywhere in the United States. This is called a "postage stamp" plan; in effect, the entire country is set up as a single zone.

• Origin—The use of basing points started with the steel industry. The idea developed because the cost of hauling steel from the mill is usually a substantial part of its total cost at the point of consumption; therefore, buyers were not so much interested in the mill price as in total cost, including freight.

This thought can be generalized to other delivered-pricing formulas, too. Most such systems are in use in industries where freight is an important part of total cost at point of consumption. In cases where this is not true, FTC isn't interested anyhow; whatever price discriminations may exist are not large enough "substantially to lessen competition" among customers.

The Court Decisions

A little over three years ago—on Apr. 23, 1945, the Supreme Court handed down two decisions that have had a farreaching impact on delivered-price systems. They came in the so-called glucose cases, in which FTC had charged Corn Products Refining Co. and A. E. Staley Mfg. Co., individually, with violation of the Clayton act through use of a basing-point method of selling glucose (corn sirup).

• Corn Products Case—Corn Products had two plants—at Chicago and Kansas City. All sales were on a delivered-price basis; they were computed by taking the Chicago price and adding freight from Chicago to the point of delivery. Thus, on shipments from the Kansas City plant to points that were nearer to Kansas City than to Chicago, the purchaser paid phantom freight.

FTC found that the customers who had to pay phantom freight (1) were being discriminated against (2) to an extent that diminished their ability to compete with those who bought at

lower prices—all in violation of Section 2 of the Clayton act.

The Supreme Court upheld FTC on both points; its decision was so strongly worded as to bar, in effect, all singlebasing-point systems.

• Staley Case—The Staley case was similar in most respects to the Corn Products case. But there was one important difference—and the verdict on this point greatly broadened the effects of the ruling.

Staley's glucose plant was at Decatur, Ill., 178 mi. from Chicago. From the time Staley went into business there, it followed Corn Products' lead, and quoted delivered prices using Chicago

as a basing point.

FTC held, and the court agreed, that Staley's use of a Chicago basing point for a Decatur plant was exactly comparable to Corn Products' use of a Chicago basing point for a Kansas City plant—and just as illegal. But at this point comes the important difference between the two cases.

• Defense—Staley pointed out that Corn Products was already established when Staley came into the glucose business, that by adopting the Chicago basing point Staley could match Corn Products' prices at any point of delivery and, thus, compete with Corn Products for the available business. Therefore, Staley said, its prices were legal under Section 2 (b) of the Clayton act; they

equally low price of a competitor."

The high court threw out this defense, and upheld FTC, on three grounds:

were set "in good faith to meet an

(1) A system that is clearly illegal in itself cannot be adopted legally for the sole reason that a competitor is also breaking the law.

(2) Section 2 (b) "places emphasis on individual competitive situations rather than upon a general system of competi-

(3) When Staley charged its Decatur customers, for instance, more than its Chicago customers it was, in effect, raising, not lowering, its price to equal its competitor's price.

In connection with this last point, the court made one statement that has far wider implications than merely in the case at issue. "We cannot say," said the high court, "that a seller acts in good faith when . . it has never attempted to [give] to purchasers who have the natural advantage of proximity to its plant the price advantages which they are entitled to expect over purchasers at a distance."

• Crepe Paper Case—The next important case never got to the Supreme Court. FTC charged that the National Crepe Paper Assn. of America and eight crepe-paper manufacturers were engaged in a conspiracy to eliminate price competition among them, in viola-



Our corps of merciless inspectors testing the Elliott Hickory Wheels.

(This cartoon is reproduced from the humorous Elliott Bicycle Catalog of 1888.)

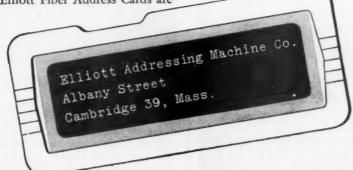
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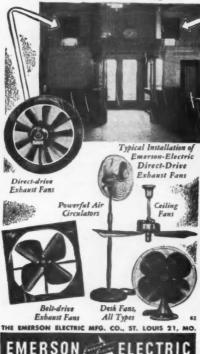


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tion of the FTC act. It held that the manufacturers had agreed that they would (1) divide the country into price zones, and (2) charge virtually identical delivered prices in any one zone.

On July 12, 1946, the Seventh Circuit Court of Appeals, in Chicago, upheld the commission on all points. It said: "No formal agreement is necessary to constitute an unlawful conspiracy. . It is . . . the result to be achieved that the statute condemns . . . The artificiality and arbitrariness of the zone structure is so apparent that it cannot withstand the inference of agreement."

• Cement Case—It was the "cement case," decided by the Supreme Court Apr. 26, 1948, that really threw the scare into business. FTC charged that the Cement Institute and 74 cement manufacturers, through use of a multiple-basing-point system, had:

(1) Violated Section 5 of the FTC act by engaging in a conspiracy to eliminate price competition among them;

(2) Violated Section 2 of the Clayton act because "the multiple-basing-point system of sales resulted in systematic price discriminations between the customers of each respondent."

• Ruling—The court upheld the commission on both points. On the first charge it said: "... Concerted maintenance of the basing-point delivered-price system is an unfair method of competition prohibited by the FTC act." And it threw in, for free, the remark that: "... existence of a combination [is

not] an indispensible ingredient of an unfair method of competition under the FTC act."

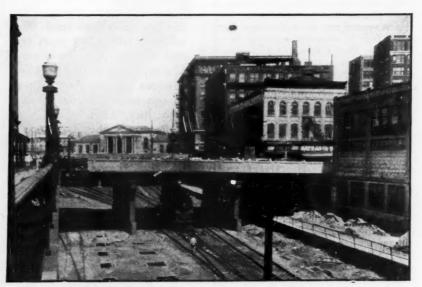
On the second charge, the defendants contended that (1) their prices were not in violation of the Clayton act, and (2) even if they were, they were justified under the "good faith" clause of Section 2 (b).

The court said that (1) in the Corn Products case it had decided that basing-point pricing was a violation of the act, and (2) in the Staley case it had held that "... a seller could not justify the adoption of a competitor's basing-point price system under Section 2 (b) as a good-faith attempt to meet the latter's equally low price."

"Thus," said the court, "the combined effect of the two cases was to forbid the adoption for sales purposes of any basing-point pricing system."

any basing-point pricing system."
• Rigid Conduit Case—The final nail was driven into the coffin of basing-point prices just two weeks later. FTC had charged 14 manufacturers of rigid steel conduit of violation of the FTC act through use of a basing-point system. The first count of the charge alleged conspiracy, but the second count said that, even if there were no conspiracy, the fact that each company had used the same basing-point system was in itself evidence of a violation of the law.

On May 12, the Seventh Circuit Court of Appeals, basing its decision on the cement case, upheld the commission on both counts. On the second count,



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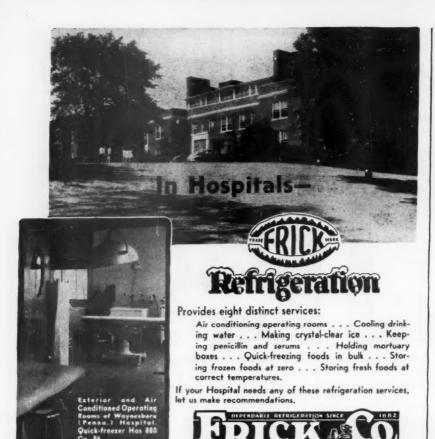
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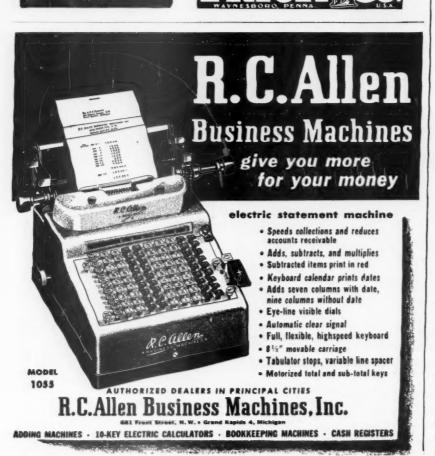
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it said: "Each seller knows that each of the other sellers is using the basingpoint formula; each knows that by using it he will be able to quote identical delivered prices and thus [deprive buyers] of choice so far as price advantage is concerned. . . . Each seller . . . in effect invites the others to share the available business at matched prices in his natural market in return for a reciprocal invitation."

• Complementary—Thus, in the cement case, the court upheld an FTC order forbidding concerted action to maintain a basing-point price system; in the conduit case, the court upheld a commission order that forbade not only concerted action but individual action by

any single company.

Present Status

That's where the matter stands today. It seems clear that: (1) either individual or concerted use of any type of basing-point formula is ruled out by both laws; (2) use of identical zone systems by two or more companies is ruled out by the FTC act.

• Question—One big question remains to be answered, however: Does a zone or postage-stamp plan maintained by a single company illegally discriminate in price between that company's customers in violation of the Clayton Act?

One thing can be said with certainty: It is not illegal unless the effect "may be substantially to lessen competition"

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among the customers.

Another conclusion, almost as certain: Most zone plans probably do discriminate "substantially" between customers who are very close to each other, but on opposite sides of a zone boundary. But is there discrimination among customers in the same zone? If the answer is no, then postage-stamp plans are certainly legal, and zone systems might be made so: The crux of the matter is the definition of "price." Should it mean the mill-net price (delivered price less freight charges actually incurred)? Should it mean the delivered price? Or should it mean some compromise between the two?

• Answer?—The probable answer is that each case will have to be decided on the evidence in that case; different decisions may well be proper in different cases. In the crepe paper case, the court said, in effect, that a company should at least try to give its nearby customers a lower price than its distant customers. That means mill-net is the criterion.

But in a lead pigment case, now pending before FTC, the commission's trial examiner ruled for delivered prices. The purpose of Section 2 of the Clayton act, he said, is to protect customers from unequal costs so they may compete on equal terms with their competitors. And he found that, in this case, equal

delivered prices filled that bill better than equal mill-net return.

What To Do?

What, then, can businessmen doparticularly if their practices fall into one of the classes that the courts have already ruled illegal?

(1) They can go on just as always until FTC gets around to them—with the fair certainty that they will be ordered to cease and desist, and that the order will be upheld by the courts.

(2) They can attempt to comply with the law as it has been interpreted, even before the commission gets to them.

(3) They can seek new legislation. Apparently many businessmen will take this course. President Walter S. Tower told the recent annual meeting of the American Iron & Steel Institute that: 'apparently the only way . . . will be by legislation to clarify the status of pricing methods.'

• Investigation Proposed-The groundwork for such legislation is already being laid. Sen. Homer E. Capehart (R., Ind.) has introduced a resolution calling for a Senate investigation of the effects on business of recent court decisions, including the cement case. A five-man subcommittee of the Senate Commerce Committee (picture, page 74) is now holding hearings on whether to recommend such an investigation.

If such an investigation is made, its findings will lay the basis for any new legislation that may be passed. At the very least, its sessions will provide a sounding board for businessmen's views

on this vital problem.

A. & P. Sets Sales Record In Retailing Again

The Great Atlantic & Pacific Tea Co. again topped all sales records in the retail trade last year. The company's annual report, out last week, shows:

Sales for the year ended Feb. 29, 1948, were \$2,545,583,840-a gain of 33% over the previous year.

Net profit was \$39.8-million-\$9.6-

million over 1946.

Profit margin was 1.6%, same as in 1946, and one of the lowest in retailing.

A. & P.'s sales gain was somewhat above Dept. of Commerce estimates for the grocery business as a whole. Commerce estimates the general gain at 26%, the chain store gain at 31%.

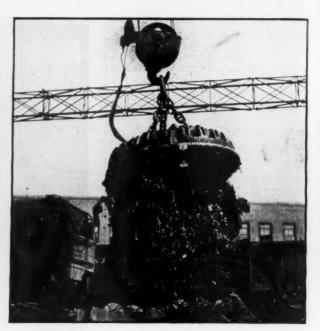
· Sears Next-Runner-up to A. & P. as the nation's biggest merchant is Sears, Roebuck & Co. Its sales in 1947 were just under \$2-billion (BW-Apr.3 '48,p70). A. & P.'s nearest competitor in the chain grocery field was Safeway Stores, Inc. It had sales of \$1,038,000,-000 in 1947-22% over 1946.





Junkie Starts

the scrap collection process. He sells to dealers who have turned waste into a . . .



\$1-Billion Business.

Industry, a big scrap buyer, also supplies plenty of waste

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Marketing the Nation's Waste Materials

Waste is a fine art in the U. S. There is scarcely a home or factory that does not generate some form of scrap.

Scrap used to be a headache; now it is a highly profitable operation both for the companies that generate scrap and the dealers who handle it. Last week Westinghouse Electric Corp. totted up its yearly saving from scrap utilization at its Mansfield, Ohio, plant. The amount: \$800,000.

Trade estimates place the scrap industry's annual volume at more than \$1-billion.

• Sources—The bulk of the waste materials comes from:

(1) Industrial plants where normal operations generate shirt clippings, lathe turnings, scrap from stamping operations, or a dozen other varieties of waste material.

(2) Salvage-such as wornout railroad

rails, condemned buildings, or aged ships.

A third starting point for waste material salvage is the "junkie"—the independent businessman who owns a horse and wagon, or a small truck

• Sales Channels—The junkie sells his haul to one of the nation's 30,000 scrap dealers. The price is whatever the dealer will offer—based on what the smelters, paper manufacturers, and other scrap



Scrap Aluminum

finds its way to nonferrous dealers, who strip pots and pans of wood, plastic, or steel handles, bale the metal in hydraulic presses for shipment to aluminum smelters



Steel Scrap travels via electromagnet to a hydraulic press which forms huge blocks of lathe turnings, automobile fenders, and frying pans.

consumers will bid for each material. The dealer counts on his price to keep the junkie coming to his yard, although the junkie's restricted mobility keeps him from going too far afield in search of a better price.

Since most dealers are too small to sell their scrap direct to users, they usually sell through brokers, who arrange for shipments of scrap from many dealers to one large user. Sales of industrial scrap are handled almost exclusively through brokers who never see the materials they sell. They merely locate scrap sources and scrap consumers, arrange for shipments between them.

• No. 1—Iron and steel rank first in dollar-volume of scrap sales. Of last year's 26-million tons, 7-million tons came from industrial plants. Another

4-million tons came from the railroads.

Iron and steel scrap dealers have been hampered somewhat in the last few years by the steel mills engaging in "direct dealing." "If you want my steel," say the mill operators to their customers, "you've got to give me back your scrap." The scrappers fear that when steel becomes plentiful again, the reverse process will set in—"If you want me to buy your steel, you've got to buy my scrap."

No. 2-Nonferrous metals-mainly

• No. 2—Nonferrous metals—mainly copper, brass, bronze, lead, and aluminum—rank second in dollar-volume.

• No. 3—The rag industry ranks third. At present the wool rag business is in the doldrums. Rag dealers blame the Wool Labeling Act, which requires a manufacturer to state what percentage





Scrap Rubber

is stockpiled outdoors prior to stripping; the stripper separates rubber from fabric-both are marketable

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For complete details contact your nearest RCA Sound System distributor or write: Sound Products Section, Dept. 16F-S, RCA, Camden, New Jersey.



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HEADQUARTERS FOR SCALES



Rags are sorted—then go into new cloth, roofing paper, stationery

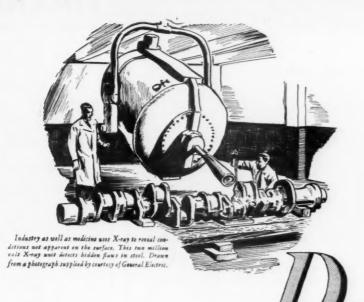
of his garment is virgin, reprocessed, or reused wool. Many consumers insist on 100% virgin wool. But ragmen say that a combination of virgin and reprocessed or reused wool usually wears better than a 100% virgin wool garment—although it may not be quite so soft a fabric.

No. 4—The market for waste paper, which follows rags in size, is limited largely to one use—making more paper.
 No. 5—Reclaiming rubber—next in scrap dollar-volume—consists mainly of reclaiming tires. The fabric goes into such products as doormats and shims for the automobile assembly. The rubber itself is not so much in demand since crude rubber has come back.

Although each branch of the scrap industry has machines peculiar to its own operations, much of the work depends on hand sorting. So the scrapmen are relying on manual labor—and a continued demand for their materials—to turn waste metals, rubber, paper, and rags into riches.



Waste paper is prepared for shipment in the familiar hydraulic press



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This announcement is neither an offer to sell nor a solicitation of an offer to buy any of these Shares. The offer is made only by the Prospectus.

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Price \$12.75 a Share

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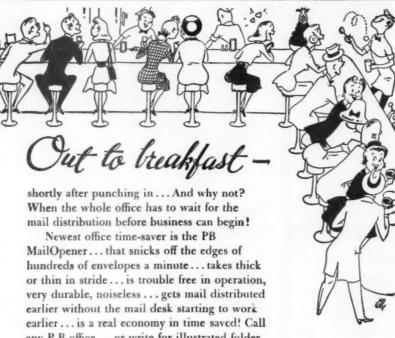
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June 3, 1948.



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FINANCE

Rate Relief

If you want to charge more, utility regulators will listen-and will often approve. Example: A.T.&T.

State agencies that regulate utilities are showing quite a bit of sympathy with companies that need rate boosts to stay healthy.

The help that such agencies have been giving comes as a surprise to many businessmen and investors. True, the regulators have been cautious, but many have been willing to loosen the vise of the utilities' cost-rate squeeze (BW-Jun.5'48,p84). What they have done with American Telephone & Telegraph Co. is very much to the point:

• Earnings Trouble-Last year, despite a jump of \$131-million in gross revenues, that \$8.8-billion utility giant didn't earn enough to cover its traditional \$9 annual dividend. Its profit was only \$7.66 a share—against \$10.23 in 1946. And income available for interest and dividends provided a return of only 4½% on the total capital invested in the business.

This was the lowest recorded rate in the system's history, except for 1932 and 1933

• Good News-This year, the story is different. It looks now as though Mother Bell would earn enough to cover the time-honored \$9 payment and have some to spare. System revenues for the three months ended Feb. 29, 1948, the latest reported, were up \$74million; dividends applicable to outstanding A.T.&T. stock added up to \$2.64 a share. That's the best December-February quarter the Bell System has had since 1940-41.

Another sign that things are looking up: Last week, Illinois Bell was able to sell underwriters \$60-million of 30-year 3% bonds at a net interest cost of 2.89% annually-a low rate in these days of rising money costs.

• Reason: Higher Rates-A.T.&T. and its many operating subsidiaries trace most of their improved situation to just one thing: State regulatory agencies have been granting the system rate increases. The commissions seem to have been set on demonstrating that their bark is worse than their bite and that they do realize what the utilities are up against in rising wages and materials

Rate increases for the Bell system since late 1946 have been enough to hike its revenues some \$130-million an-

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nually. These boosts have been granted by utility commissions in 26 of the 45 states where such agencies exist, as well as in the District of Columbia. A.T.&T. subsidiaries have got close to 75% of the rate raises they asked for.

• More to Come?—Bell System officials think they haven't yet drained this well dry. Rate-increase applications designed to add another \$51-million of annual revenues are still pending. Additional petitions are to be filed soon.

• Arguments—As a tip on how much utility commissions are really softening, one point is worth noting: Rate increases haven't been had for the asking. A.T.&T. companies have had to put up stiff substantial arguments that they need more money. To make that point clear, the Bell subsidiaries have been stressing mainly:

(1) They are entitled to a return of around 6.6% on their investment (that's more or less in line with what a lot of companies shoot for);

(2) With higher costs, they can't get that return now without higher rates.

The petitioners have another point—and it's an important one: They can argue that, even if they get all they want in higher rates, the cost of phone service will still be far closer to its prewar level than almost any other service or commodity that subscribers buy.

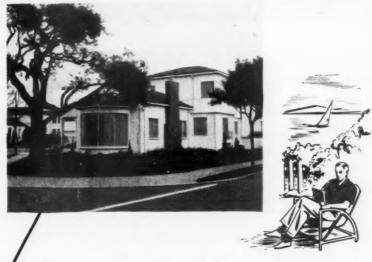
• Dividend, Too-A.T.&T.'s \$9 yearly dividend rate often comes into the



NEW AERONCA PRESIDENT

Aeronca Aircraft Corp. of Middletown, Ohio, maker of light planes for private and commercial use, has a new president. He is John A. Lawler, formerly assistant treasurer of Curtiss-Wright Corp., and controller of its airplane division at Columbus, Ohio. Lawler steps into an Aeronca post that has been vacant since John Friedlander resigned Nov. 1, 1947.

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argument. Here's how the system states its case:

The dividend record (maintained all through the depression in the 1930's) is largely responsible for the company's present high credit standing. This credit rating enables the system to borrow at very low interest rates the huge sums of new money that it needs to finance its tremendous postwar expansion.

What's more, that dividend record can be maintained only if A.T.&T.'s operating companies can earn enough to keep up the usual payments on their stock, owned by the parent. If they can't, A.T.&T.'s credit standing will slip; that means higher costs of financing the expansion program. Such costs, the argument goes, would eventually offset the immediate savings to telephone subscribers that a "no" to rate increases might bring.

• Intrasystem Borrowing—Another bone of contention between Bell companies and state authorities has been A.T.&T.'s "working fund". Operating companies can borrow cash from this fund as they need it. And, according to A.T.&T., borrowers pay only a very low interest rate.

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Some state commissions, however, think this isn't always the case. They claim that charges are levied on subsidiaries to maintain this fund whether or not they are using it. They have even charged that companies ante up more to the fund when they do not use it than when they do.

• License Fee—State rate agencies are also watching the license fee that operating subsidiaries must pay the parent company. This charge is a 1½% of gross revenues; proceeds go to finance scientific research, administrative aid, and various other services.

Some authorities have been asking lately if the companies under their supervision have been getting full value for such payments. A few weeks ago, the California commission characterized the fee as "arbitrary, unreasonable, and unjust," and without "rational relationship to the reasonable cost of the service actually rendered." Kansas, Oregon, and Georgia authorities don't like it either.

• Multi-State Operation—Another hurdle to getting rate boosts has been the fact that many Bell subsidiaries operate in more than one state.

The North Carolina utility commission was particularly irked on this point. It warned Southern Bell officials that it had no intention of granting rate raises large enough to "subsidize any losses . . . sustained in any other state in which the company operates."

• Hikes Help—No matter what the commissions may decide from now on, boosts already approved have been a big help. For example:

Illinois Bell, which paid dividends of

only \$1.50 a share for all of last year, has already paid out \$1.50 in 1948. (In 1946, it paid \$6.)

(In 1946, it paid \$6.)

New England Tel. & Tel. has already announced a 1948 first-half payment of \$2.25—compared with \$4.25 for all 1947, and \$6 for 1946.

Pacific Tel. & Tel. forced to slice 1947 payments to \$2.95 a share from 1946's \$6.25, has declared dividends totaling \$2.50 so far this year.

• Effect on Market—The security market has reflected the fiscal improvement the rate hikes have brought. A.T.&T. common, which sold not long ago at less than \$148 a share (its lowest price in some five years), is around \$158.

Road Still Bumpy For New Tucker Car

Crashing the auto field is apparently costing Tucker Corp. a lot more than founder Preston Tucker had figured (BW-Apr.17'48,p102). Reports from Chicago now indicate that the company is scouting for more funds for working capital and other corporate uses.

• Missing Items—From what Tucker said last week, it looks, too, as though the new Tucker car—when it's ready—may be missing some of the special equipment the original blueprint called

Some of the items are apparently still in the development stage. Other items promised will be available, but you'll

have to pay extra for them.

• New Plan—To get more working capital for Tucker Corp. and its still-carless dealers and distributors, Tucker has worked out a new stunt. He's thinking of putting all three groups into the auto-accessories business until the Tucker car

assembly line gets rolling.

Here's the idea: Tucker Corp. would sell to its dealers "packages" of accessories. One of these, for example, priced to sell at over \$200, includes a radio, luggage, and seat covers. Dealers in turn would offer them to customers—for cash. If you bought a package, you would rate a priority on your order for a new Tucker. Tucker explains that this would "assure the customer that he will not be edged out of line for somebody else" when new Tuckers are finally available.

• When and What—Tucker didn't say just when dealers can expect a "normal" salable quantity of Tucker cars. He did report that the early models will have the conventional shoe brakes, not the disk type previously announced. There's more development work to be done on the disk brakes, he said.

The hydraulic drive will be available for the early models—also fuel injectors rather than the conventional carburetors. Neither will be standard equipment, though.



Did he forget

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PICTURE REPORT



1 This much-publicized stockholders' meeting drew a record attendance last week in Flemington, N. J. Over 1,200 shareholders filled the Palace Theater, overflowed into . . .



2 A tent, pitched beside the theater building. Loudspeakers broadcasted the proceedings to the 300 latecomers under the canvas



A special train brought stockholders 56 miles from New York, in time for luncheonserved by seven church and Grange organizations, paid for by Standard Oil Co. (N. J.)

SPECIAL TANDARD OIL (N. J.) NUMAI ALETING

4 Chartered buses carried others to meeting, where they listened to . . .



5 Eugene Holman, president, say production is up 66% over prewar, . . .



6 Some stockholders, like this one, quiz management on company operation

New Wings for an Eagle!



FOR THE NEWS OF THE FUTURE... keep your eye on the Martin star! Martin has been pioneering new fields since 1909... is now helping guard the peace and build a more abundant world through research in commercial airliners, military aircraft, trans-sonic speeds, rocketry, plastics, other fields. Martin research is blazing the trail to a bright tomorrow!

OUTSTANDING

... among the eagle's new wings is the Martin Mauler dive-torpedo bomber, shown above. During the past year, according to top Government officials, we were a poor third in airpower... but your Navy foresaw the need for powerful new carrierbased planes and worked closely with Martin engineers in developing this rugged slugger. Now, with America aroused to the need for additional airpower, Maulers are entering service with the Navy to help maintain security along the far-flung outposts of freedom.



TIMESAVER!

Thanks to numerous easily accessible hatches for inspection or maintenance, and high-pressure underwing refueling, the Martin 2-0-2 airliner cuts ground time to a minimum. Shorter stops between hops means time gained for passengers, more revenue for airlines. Look for more 2-0-2's on the nation's airways as the year progresses.

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That's the Martin B-10 bomber which won the Collier Trophy for Glenn L. Martin. Although 10 years old at the time of the Jap attack, these planes, flying with the Netherlands East Indies Air Force, gave a fine account of themselves. For advanced new military planes, as epoch-making as the B-10 in its day, count on Martin!



"E" FOR EFFORTLESS!

Easy to fly . . . that's another feature of the Martin 2-0-2 airliner. All control handles are different shapes and colors . . . pilot scats are superlatively comfortable . . . and the panel is simplified. Result: less pilot fatigue, greater ease of handling. Yesterday, today and tomorrow, Martin sets the pace! The Glenn L. Martin Co., Baltimore 3, Md.





Air Power to Save the Peace Air Transport to Serve It



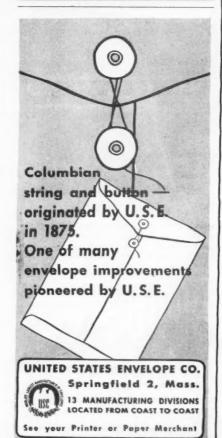
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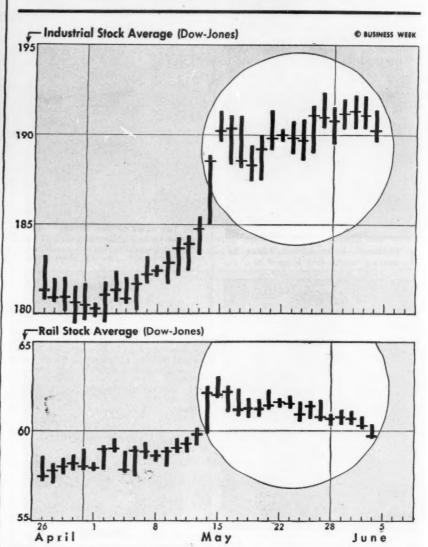
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THE MARKETS



Stock Prices Flatten Out

Technically that's all right. But willingness of many traders to sell during rallies indicates to Wall Street that there are plenty of skeptics who don't believe in the new bull market.

Apparently there are a lot of people who still have no 100% faith in Wall Street's brave new bull market. They aren't dumping their stocks. But they jump at the chance to unload whenever a new rally gets under way.

In other words, a good many traders seem to be having some second thoughts about the rosy future for business that the stock market predicted when it shot through its old trading range last month (BW-May22'48,p19).

• Peculiar Pattern-Since that smashing breakout, the market has been trac-

ing a peculiar pattern (chart—which shows high, low, and close for the past six weeks). For days at a time it has drifted along on reduced volume; the averages have moved only a fraction up or down. Periodically this calm has been broken by a brief buying rush. Turnover has jumped for an hour or so; prices have started to climb. But there has been no follow-through to any of these rallies.

 Ups and Downs-During this period the industrials have gradually worked their way onto new high ground. The

From a technical standpoint, all this is more bullish than bearish. Chart readers expected some sort of reaction after the breakout and the swift advance that preceded it. Many predicted that one of the averages-probably the industrials-would dip back into the old trading range. This wouldn't spoil the bullish outlook so long as the other average staved up.

• Nerves-By this standard, the market has done considerably better than the technicians expected. Everybody ought to be happy. But the long days of pointless churning are beginning to get on Wall Street's nerves.

Traders wonder gloomily if the mar-ket has merely pushed its ceiling up a few points without starting a real upward trend.

It's worth remembering, though, that

today's stock market doesn't work the way it did in the twenties. In those days the professionals kept things moving all the time. They gave continuity to the trading, kept a trend going while the public was biding its time. Today there aren't many professionals. And SEC regulations have clipped the wings of those who remain. Consequently, when the public decides to sit tight, it's hard for the market to go anywhere, either up or down.

Security Price Averages

C. 1	This Week	Week Ago	Month Ago	Year Ago
Stocks				
Industrial	165.9	165.0	155.6	142.7
Railroad	50.8	50.8	48.9	38.3
Utility	73.6	73.5	_ 71.6	71.6
Bonds				
Industrial	120.8	120.5	120.2	123.2
Railroad	108.0	108.1	107.1	106.8
Utility	118.3	118.1	119.3	112.6

Data: Standard & Poor's Corp.

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January-April Rail Earnings: 1948 vs. 1947

Railroad stocks have led the market in 1948. Measured by Standard & Poor's averages, they hit a level -at their recent peak-41% above their low in the bear market just "officially" ended. In comparison, the industrial group's best gain has been 24%.

But rail earnings in 1948 haven't behaved so well. Despite gross revenues some \$240-million higher than a year ago, January-April profits of all Class 1 roads fell to around \$100-million. That's 24% less than the profit for the same 1947 months. And many individual

roads turned in even more disappointing earnings reports, as shown in the sampling below.

Some of this earnings drop is due to this year's severe winter and the recent soft coal strike. But they are not wholly to blame. Rail operating costs are also still rising, often at a faster pace than revenues.

But Wall Street stays confident that full 1948 profits of the Class I roads will run well above last vear's net. It's still bullish on rail

These revenue and profit figures are in millions of dollars.

	Gross Revenues		Net Income		
	1948	1947	1948	1947	
Atch., Topeka & Santa Fe	\$157,978	\$135,931	\$13.723	\$12.993	
Atlantic Coast Line	50.293	46,839	5,788	4.738	
Baltimore-Ohio	120,880	112,920	2,917	2,801	
Boston & Maine		27.277	**370	**968	
Chesapeake & Ohio	95 , 491	97.485	4,221	12,669	
Chicago, Bur. & Quincy	74.351	70,260	7,661	11,234	
Chicago, Milw., St. Paul & Pacific.	77,546	71,714	D1,330	3,814	
Chicago & North Western	57,911	54,060	D3,991	D208	
Erie	. 55,900	48,330	3.329	1,580	
Great Northern	59,674	53,648	119	817	
Gult, Mobile & Ohio	25,537	23,208	1,262	1.053	
Illinois Central	85,376	78,964	4,607	5.713	
Louisville & Nashville	65,784	62,533	3,214	5.379	
Missouri-Kansas-Texas	24,006	20,799	824	627	
New York Central	236,613	222,700	D4,807	D1,517	
New York, Chicago & St. Louis	34,020	29,136	4,009	2,878	
New York, New Haven & Hartford.	55,698	50,104	D861	D1,773	
Norfolk & Western	53,142	52,080	8,039	9,851	
Northern Pacific	45,921	44,422	*2,886	*5.603	
Pennsylvania R. R	302,514	285,150	D10,173	D3,135	
Southern Pacific	153,350	136,214	13,998	13,239	
Southern Ry	80,372	74,736	5,212	4,205	
Texas & Pacific	25,139	18,395	1,797	1,619	
Union Pacific	132,710	123,423	15,729	13,500	
Wabash	34,150	30,904	3,029	3,220	

D-Deficit

*- Net railway operating income **- Before contingent interest payments



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LABOR



OPERATORS' JOBS are made a legal issue for Western Union in Boston as . . .

Labor Menaces Mechanization

Management awaits court decision on whether employees can be transferred when work methods are changed, labor-saving equipment put in. Issue: Who shall have control over jobs?

Can a union get a court to stall plant mechanization because it threatens to change an existing job pattern? The U.S. District Court in Boston will be asked to rule on that question next week. What it decides may vitally affect every employer who wants to use labor-saving devices.

• Plea for Injunction—Plaintiff in the Boston action is the Western Union division of the Commercial Telegraphers Union (A.F.L.). Defendant is the Western Union Telegraph Co. The plea is for an injunction to halt transfer of employees when new transmission equipment is put into service.

The A.F.L. union denied in the brief it filed last week that it opposes mechanization. It said its only object is to protect members' seniority and other employee rights during a changeover in work methods. But this did not alter the fact that mechanization and job control are the basic issues in the case.

• How It Works—The telegraph company is putting in reperforator switching equipment at key points. The object is to hold manual transmission to an absolute minimum. When the mechanization is complete—probably early in 1949—the operator will type each message only once, at the point of origin. The message will then flow through a system

of switching centers; it will be recorded on a tape in each of these centers through automatic reperforation. Pushbutton control will relay it from city to city until it reaches its destination.

Reperforator switching centers are already being used in Philadelphia, Cincinnati (picture, above), and other major communications points. These have been staffed with former manual transmission operators, who are specially trained to handle the new automatic switchboard jobs.

• Showdown—The union accepted these initial transfers without a fight—as "experimental" only. But it dug in for a showdown when work started on other big switching centers last December.

It demanded that management consult with the union before making any further transfers. If it did not, the union charged, the bosses would thus "destroy and nullify" contract clauses covering promotions, wage schedules, and other job rights. It would result in a "return to the chaotic and uncertain conditions" which the union said prevailed before an "orderly wage rate structure" was negotiated after a fact-finding board order in 1946.

 Contentions – Conferences which stretched over four months of this year didn't reconcile company and union, both cited chapter and verse in contract clauses to back up:

A company contention that it has a management prerogative to effect "organizational efficiency and to eliminate duplication of effort" by making transfers and consolidating departments.

A union argument that transfers and consolidations must be worked out in management-union negotiations; that one-sided action by the company violates the collective bargaining agreement signed last year.

• Breakdown — The conferences broke down. Then the union sent its lawyers into court for an injunction. Western Union said that it considered the fight a "tempest in a teapot."

Few of the C.T.U.'s 40,000 Western Union employee-members actually are involved in the dispute, says the company. Wholesale layoffs aren't contemplated. Eventually, the number of jobs will be a lot lower than at present. But cuts will be made by not filling the vacancies which normally occur.

As the company sees it, employees who now receive and retransmit messages are going to get easier jobs when manual operations end. Thereafter, they

JOBS: MORE, FEWER?

Do new labor-saving machines make more or fewer jobs in the long run?

Recently, the Psychological Corp., a research firm, asked 2,500 U.S. urban residents what they thought about mechanization. It found that 48% of those polled believes that labor-saving devices create jobs "in the long run." Management, investors, and logicians will be more interested an the fact that 45% were sure jobs would be reduced. The 7% left had no fixed opinion.

The results by groups:

Owners and managers – machines increase jobs, 57%; reduce jobs, 38%.

White collar workers—more jobs, 55%; fewer jobs, 39%.

Union members—more jobs, 42%; fewer jobs 49%.

Skilled workers—more jobs, 47%; fewer jobs, 45%.

Unskilled workers-more jobs, 32%; fewer jobs, 55%.

Those who would most quickly feel the effects of a new labor-saving device obviously fear it the most. However, questions weren't directed at "the immediate effects of new machinery on jobs, but . . . the effects in the long run."



Photo courtesy Bigge Drayage Co.

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will check automatic equipment, touch route buttons to send reperforated messages on the right lines. Since this does away with intermediate processes, the company wants three departments joined into one.

• Lesson—Regardless of how the court action winds up in Boston, management generally can find a lesson in the Western Union situation. Company and union worked out an agreement on the procedure to be followed in making "a major change in operating methods which involves displacement of personnel." That pact laid out in detail transfer, furlough, and dismissal policies which the company should follow in mechanizing any department. But when the chips were down, the parties disagreed over the interpretation of clauses that had seemed clear before.

Conflicts between methods of handling "displaced workers" and ordinary job reclassifications broke out. And, most of all, both parties were at odds over where talks about transfers should begin—whether they should deal with the propriety of transfers; or whether they should just include questions of job classifications, etc., after the transfer.

• Job Controls—Those issues, directly involving job controls, are the ones being put to legal test. They are what most employers are going to be watching closely.

NLRB Plugs a Hole In T-H Election Rule

The National Labor Relations Board stirred up a hornet's nest last March with its decision in the Warshawsky case. Critics charged the board with breaching the barrier in the Taft-Hartley law against the use of NLRB facilities by nonqualified unions (BW-Mar.13'48,p102). This week, the board plugged the breach. It revised a doctrine which seemed to permit a qualified international union to front for a nonqualified local.

• Plug—The new decision blocked the C.I.O. Oil Workers International Union from getting an election at the Lane-Wells Co., in Los Angeles. NLRB decided that the O.W.I.U. (fully qualified under the T-H law) was acting for a nonqualified local union. If the election came off, it would climax a local union organizing drive—not a campaign conducted by the O.W.I.U. itself.

NLRB said it dismissed the petition

(1) It was clearly the local union that raised the question of representation in a letter to management.

(2) The international admitted in its brief that it was acting in behalf of several California local unions "for purposes of expediency." O.W.I.U. said it had failed to take into consideration whether the locals had complied with the T-H law-by filing financial statements with the Labor Dept., and by requiring officers to sign non-Communist affidavits.

• Distinction—NLRB drew a fine distinction between the facts in the Lane-Wells and Warshawsky cases. In the former, it said, there was a clear indication that the international union, by seeking the certification to benefit a noncomplying local, was actually fronting for the local. In the Warshawsky case, there was nothing to show that the international actually was acting directly for its nonqualified local.

Wage-Hour Jolt

The Supreme Court's decision on the stevedores' pay suits may upset patterns in a score of industries.

For the second time in two years, the U.S. Supreme Court this week jolted management and the government with a wage-hour decision. The first, in the Mt. Clemens Pottery case, cast a dark shadow of portal-to-portal liability over labor relations. The current decision raises a dark spectre of "overtime-on-overtime" liability.

• Longshoremen's Suits—It came out

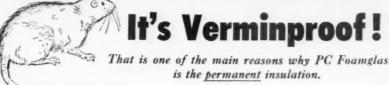
• Longshoremen's Suits—It came out of two overtime test suits filed by New York longshoremen against stevedoring companies (Bay Ridge Operating Co. and Huron Stevedoring Corp.). The stevedores' union, the International Longshoremen's Assn., joined the government and employers in fighting the suit. But, despite I.L.A. opposition, the first cases have grown into the possibility of a 228-suit problem for management. The liability in the maritime industry alone could reach about \$300-million.

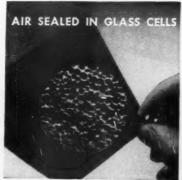
However, the decision may have even more far-reaching effects: Its ramifications, plus the breadth of the court reasoning, may disturb contract relations in at least a score of other industries.

• Not Overtime—The gist of the high court's 5-3 decision is that premium pay for night work, holiday or week-end work, or work at odd hours, is not actually overtime pay—even if it's called "overtime" in a contract.

Contracts between the I.L.A. and the New York Shipping Assn. call for time-and-a-half "overtime" for any work performed before 8 a.m. and after 5 p.m. For years, the union and its bosses have interpreted this literally as overtime pay. In paying off, employers have regarded pay for the 8 a.m.-to-5 p.m. shift as the "regular

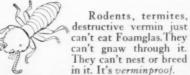






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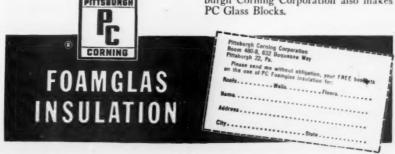
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rate"; the time-and-a-half paid for work outside that period has been regarded as "overtime" and credited against that required under the wage-hour law.

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Now the Supreme Court has knocked that practice in the head. The majority held that the "regular rate" on which overtime is to be figured must be determined by dividing total weekly compensation by the number of hours the man worked.

• How It Works—Here's an example: If a stevedore works 30 hours at the "day" rate of \$1.25 an hour and 15 hours at the "overtime" rate of \$1.875 he has earned a total of \$65.62—by the I.L.A.-employer interpretation. He has exceeded the 40-hour week by five hours, but has been paid for 15 "overtime" hours.

The Supreme Court, however, figures it differently. It divides the \$65.62 pay by the 45 hours worked to get a \$1.46 "regular rate." It says the stevedore must be paid 1½ times thus rate (or \$2.19) for the five real overtime hours he worked. So 40 hours at the \$1.46 rate will net him \$58.40, five hours at the overtime rate of \$2.19 adds \$10.95, making the 45-hour pay total \$69.35.

• Overtime on Overtime—The majority opinion was written by Justice Reed, with Chief Justice Vinson and Justices Rutledge, Murphy, and Black concurring. The dissenting opinion by Justice Frankfurter, concurred in by Justices Jackson and Burton, argued that longshoremen were being allowed to collect overtime on overtime. The minority said the decision would upset harmonious relations which have existed in the industry since the first contract was signed by I.L.A. with the "overtime" clause.

The minority also cited the fact that the stevedores' own union opposed the suits. I.L.A. feared the upsetting effects of the decision on its bargaining relations. Its reasons: (1) The New York contract, as well as others in I.L.A.'s files, provided for cancellation in the event the stevedores won their suit; and (2) the maritime industry may now elect to stop paying the time-and-one-half rate for work done outside the day hours—which would mean a financial loss for stevedores who work nights and don't put in more than 40 hours' work in a week.

• Congress Acts—Congressional wheels,

• Congress Acts—Congressional wheels, which had begun turning even before the court spoke this week, spun even faster within minutes after the decision was handed down. A House subcommittee began to consider a bill by Rep. Angier L. Goodwin (R., Mass.) which would knock out "overtime premium" in figuring "regular or basic rates" under any federal law. It would change the definition of "overtime premium" to include overtime rate that

is paid "because of the time of day or the day of the week or year the work is performed." But there's little likelihood that the bill can be passed at this session.

One source of relief for management is the portal-to-portal law, which provides a two-year limitation on liability. It also permits employers to make a "good faith" defense if they can show that they relied on a ruling by the Wage-Hour Administrator.



OAK RIDGE ELECTION polls a "no" on Carbide & Carbon's final offer as . . .

T-H Strike Ban Ends Without Atom Flareup

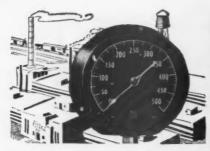
This week, a Taft-Hartley "national emergency" strike injunction went its 80-day limit for the first time. It died with a contract dispute between A.F.L. atomic energy workers and the Carbide & Carbon Chemicals Corp. still unsettled. But, although they became free to strike, union members stayed on the job. At midweek they went back to bargaining with the boss.

Thus, a showdown was averted, at least temporarily, on something Congress has been worrying a lot about in the past year (BW-May15'48,p110): What's going to happen if a union waits out the 80-day cooling-off period, and then strikes?

Before the injunction ended, affected workers went through the formality of a T-H election on whether to accept the company's "final offer." The National Labor Relations Board conducted the poll. The results were just about the same as when the A.F.L. Atomic Trades & Labor Council brought the company's offer up for union-hall vote—a 771-to-26 "no" to a settlement that included a 10¢ hourly raise.



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POTTERS' union label identifies A.F.L.-made pottery, displayed in Milwaukee . . .



BAKERS' label tells consumer he's getting union-made bread and cake . . .



TEAMSTERS' union "bug" helps sell brotherhood goods as A.F.L. urges . . .

Buy Union Label

Exhibit marks start of \$1-million drive to build prestige, help unions beat ban on secondary boycotts.

A.F.L. members—and the public—thronged the Union-Industries' show (left) in the Milwaukee auditorium recently to get a lesson in what the union label means. The display was the curtain-raiser for a big union drive to put that lesson over. This week, members were plugging hard on the campaign, for which A.F.L. has allotted about \$1-million. (A good chunk of that amount was spent at Milwaukee to give the drive a whopping sendoff.)

• Message—At the Milwaukee exhibit, A.F.L.'s Union Label Trades Dept. drove home this message: Look for the union label on whatever you buy; buy only union-label goods and services.

A.F.L. has good reason to press its campaign at this time: Because of war and postwar shortages of consumer goods, buyers haven't been paying as much attention to "the bugs" (labels) as they did in prewar days.

Biggest game that A.F.L. is after, of course, is to spur buying of its union-made goods. It also wants to build the union label back to its prewar prestige—and to restore its former importance to management.

• Mobilizing—But, behind the drive, there is another, deeper reason. Taft-Hartley bars against secondary boycotts have made this a "must" on A.F.L.'s program for 1948. The union label provides a pressure device that isn't under any legal taboo. The idea is that if A.F.L. can muster sufficient demand for union-label goods, then T-H curbs on picket-line organizing techniques won't matter nearly so much.

Federation statisticians estimate that A.F.L.'s 7.2-million members earn an aggregate \$35-billion annually. Mobilize this purchasing power, says A.F.L., and "business and industry would be given a new and compelling reason to operate under union conditions."

• An Old Story—A.F.L.'s union labels got their first big push near the start of the century when courts barred unions from picketing outlets for nonunion products. The labels themselves are much older than that. They have appeared on union-made products in this country since 1869.

The first, licensed by California carpenters, stamped lumber produced on an eight-hour day plan. In 1875 appeared the forerunner of the label as it is now known—a stamp used by union cigar-makers to identify their smokes from cigars made with cheap Chinese



To put fires out in a tightly-closed space, just pour in carbon dioxide, and the blaze chokes to death. ¶That was simple—but in 1922 we ran into something new. ¶Those were the days when the Coast Guard's rum fleet was chasing liquor smugglers. They got into plenty of gun-battles that often touched off engine room fires. Kidde was called in to design a built-in extinguishing system.

 \P Those engine rooms were partly open. Wouldn't CO_2 poured into the room, simply blow away through the openings . . . and leave the fire burning briskly? \P We didn't know.

But we tried it out. And we found that the CO₂ did put the fire out fast.

You can have a room with the door wide open—and CO₂ can

still choke air off from the fire!

Tonce we knew that, a lot of fire-

fighting developments got under way. Today, Kidde* extinguishing systems that grew out of those rum-chaser installations stand guard against fire, in partially-closed rooms, in

so ago, we found a way to make these systems simpler than ever before—with a new nozzle that can do the work of four old-type ones. ¶We'd learned something new about fire-fighting in 1922

— and we're still adding

to our knowledge every day!

*Also knowe

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labor in West Coast factories. Since the early 1900's unions (all except a handful are A.F.L. craft unions) have spent millions of dollars to advertise and popularize their "bugs."

• New Drive—The present campaign is the most ambitious so far. The Union Label Trades Dept. secretary-treasurer, I. M. Ornburn, describes it as labor's first nationwide union-label buying demonstration. Another already is being planned for 1949, with the curtainopener in Cleveland.

The Milwaukee show was sponsored by 90 A.F.L. unions, aided by 120 union-contract manufacturers. There were more than 300 exhibits many of them showing union-label goods in pro-

duction.

• Behind the Label-For instance: Bakers and their A.F.L. union spent \$25,-000 a day whipping up Danish pastry. Girls from the ladies' garment workers union stitched buttonholes and cut huge pattern-swatches with the latest type of machinery, installed by their bosses. Typesetters turned out a miniature fourpage newspaper. Butchers chopped up sides of meat. Union men rolled tobacco into handmade cigars. Others assembled gas stoves. Potters transformed sloppy gobs of clay into fine glazed china, stamped it finally with a union label.

One booth was notably inoperative. The luxurious bar installed by the bartenders' union was for display only. Reason: It couldn't get a temporary liquor license.

Job News Guards I.A.M. Against Raiding

The first thing jobless machinists look for in their weekly International Assn. of Machinists publication is a page seven standing feature: "Union Jobs Available for I.A.M. Members." It's a clearing-house of news about job openings in Buffalo, Galveston, Santa Monica, and Seattle—and points between.

• Guardian—The job listings are im-

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portant both to I.A.M. and to its members. Here's why: I.A.M., one of the biggest independent unions, has to keep a strong guard against both A.F.L. and

C.I.O. raiding.

The best way to do it is to keep as many of its members as possible in I.A.M.-contract jobs. That's not always easy. Trained machinists are pretty scarce in most industrial areas; they can't be turned out from the available semiskilled force as quickly as, say, machine operators.

• Close Tabs-So I.A.M. business representatives keep close tabs on the job needs of employers in each district. When management decides it needs auto mechanics, or jigbore grinders, or



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REPRESENTATIVES
IN PRINCIPAL CITIES

tool and diemakers, I.A.M. gets the news right way. It checks local union rolls first; if these show no members on hand to fill the vacancies, then I.A.M.'s publication, The Machinist, is asked to help.

Result: notices that Dallas needs 100 general machinists and 100 tool and diemakers; that Hartford, Conn., is short on aircraft production workers; that the Napa (Calif.) I.A.M. has been asked to furnish four body and fendermen.

• Don't Rush—Names of prospective employers aren't mentioned. And interested members are warned against packing bags and hurrying to another city. They're told to contact business representatives of the various cities to get clearance for available jobs. I.A.M. doesn't want its publicity to flood the machinist market in any area.

Fixing Checkoffs

Under Taft-Hartley, the automatic checkoff ends July 1. Dept. of Justice has some advice on skirting pitfalls.

Treasurers of many companies—and unions—have a Taft-Hartley deadline to meet July 1: By that date they must end the automatic checkoff of union dues and assessments.

Beginning in July, employers may make deductions from an employee's paycheck only if the employee has consented to it—voluntarily, and in writing. Only "membership dues" can be deducted. And a checkoff isn't legal unless it can be revoked at the end of the contract period—or at the end of a year if the contract runs longer than that.

• Some Big Questions—This spells some hard work for company and union officials. Over the next fortnight they will spend long hours poring over their present checkoff clauses, for the wording of the law is so broad that it has raised some important questions:

(1) What can be properly construed as "membership dues" under the law? Can initiation fees and strike and other assessments be checked off, legally, if an employee authorizes it?

(2) Does "revocable" mean that checkoff authorizations expire automatically at the end of a contract period? Must employees sign new checkoff cards every time the contract comes up for bargaining?

• Reasons for Caution—There's an important reason for pinning these points down. The penalty for violating T-H checkoff restrictions is a \$10,000 fine, a year in jail, or both. The Dept. of Justice may prosecute both employer and union officials for enforcing any clause

that doesn't measure up to the T-H requirements.

General Motors Corp. and C.I.O.'s United Auto Workers were wary of the new checkoff law when they talked contract terms recently. Before they agreed to continue a two-year-old "voluntary checkoff" plan they wanted to know that it was legal in all respects. Therefore, William S. Tyson, Dept. of Labor solicitor, took the matter up with the Justice Dept. on behalf of the company and union.

This was unusual because the Labor Dept. has nothing to do with administering the checkoff part of the T-H law. It was unusual also for the Justice Dept. to agree to put itself on record on how it plans to interpret a law-it reportedly has declined to take a stand on how the soft-coal pension fits in with the new labor law.

• Advance From Justice-However, on the ground that the checkoff issue has an important bearing on contract negotiations all over the country, the Justice

Dept. advised:
"Initiation dues and assessments, being incidents of membership, should be considered as falling within the classification of membership dues."

Automatic renewals of the checkoff from year to year, without new authorizations, "should not be considered a basis for prosecution" provided a 10day "escape period" is allowed annually. Original authorizations are valid until they are revoked.

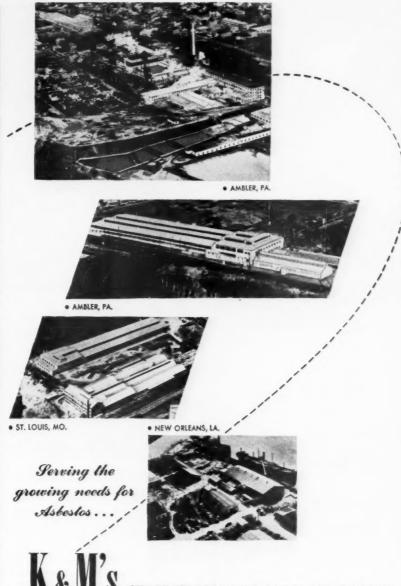
G. M. and U.A.W. renewed their checkoff clause on the basis of the Jus-

tice Dept. opinion. • Dissenting Opinion-Some in Washington who helped frame the T-H law differ with the Justice Dept. ruling. But little can be done about it unless Congress wants to clarify its interpreta-tion of "membership dues" and revoca-ble checkoff authorizations. That isn't

likely to happen.

One of those who disagrees with the Justice Dept. is Gerard D. Reilly. A former member of the National Labor Relations Board, Reilly was Senate Labor Committee counsel when it drafted the T-H law. He argues that if Congress had wanted to include fees and assessments in the checkoff it would have been specific on that point, as it was in the union-shop section of the act. It specified there that an employer could not legally be forced to discharge a union member unless he had failed to pay the "dues and the initiation fees" of the union.

> THE PICTURES—Acme-74 (bot. left), 108; Harris & Ewing-74; McGraw-Hill World News-114; Wide World-85, 101.

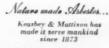


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Dividend Notice



The Board of Directors of The Magnavox Company has declared a quarterly dividend of 25 cents a share on the Company's outstanding capital stock, payable June 15, 1948, to stockholders of record June 1, 1948.

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President and Treasurer

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Petrillo Gets a Lei

An American Federation of Musicians convention in Asbury Park, N. J., this week got off to its usual gay start. President James C. Petrillo received a lei from a "hula girl" delegate from Hawaii. But the jovial mood didn't last. Petrillo warned that unions that strike under the Taft-

Hartley law "take an awful shellacking"; that employers have already filed \$9-million in damage suits against 101 unions; that only organic unity of A.F.L. and C.I.O. can keep labor from "getting our brains beat in." Petrillo said he'll urge another parley on merger plans.

Tactical Switch

Left-wing C.I.O. unions of farm equipment and packinghouse workers reorganize to comply with T-H law.

C.I.O.'s Farm Equipment and Packinghouse unions have gone down the line with left-wing union policies—including a refusal to make officers sign non-Communist affidavits in compliance with the Taft-Hartley law.

• Some Changes—This week, both unions took a new tack. They made over their administrative setups to qualify under the federal labor law. They had reached the same conclusion: They can't do business any longer without access to the National Labor Relations Board.

Some employers with whom the unions deal are expected to challenge the legality of the "compliance."

• Case of Gerald Fielde—If so, the case

• Case of Gerald Fielde—If so, the case of Gerald Fielde may be important as a test. Fielde, F. E. secretary-treasurer, resigned this elective job rather than swear non-Communism. Three other elected officials quit with him.

Fielde held on to an appointive job as head of F. E.'s International Harvester Council. One of the others became F. E. director of political action.

• Others Sign-Nine board members—including F. E. president Grant Oakes—agreed to sign non-Communist oaths.

The F. E. president is a third-party candidate for the U. S. Senate in Illinois.

F. E. took a stiff jolt before it finally made up its mind to comply with the T-H rule on non-Communist oaths. It lost its jurisdiction over 14,000 employees in the Caterpillar Tractor Co.'s Peoria (Ill.) plant to the right-wing C.I.O. United Auto Workers. F. E. blamed its inability to get its name on the ballot (BW-Apr.24'48,p114).

• Lost Strike—The Packinghouse Workers' reorganization came as a result of the union's recent loss of a three-month strike. Now the C.I.O. union simply has to comply with the T-H law to salvage what it can.

The Packinghouse Workers' reorganization brought resignations from two elected officers. Ralph Helstein, president, and the others will sign non-Communist affidavits.

• More Coming—The two "reorganization" decisions some day may affect many companies in other industries, with leftist unions.

The policy reversals mean a shift n left-wing union tactics. Management's refusal to deal with nonqualified unions and right-wing raiding tactics apparently are forcing vulnerable leftist unions to resume using NLRB.

PAGE

INTERNATIONAL OUTLOOK

BUSINESS WEEK
JUNE 12, 1948



The East-West struggle for control of Germany is growing hotter.

The London agreement to set up a government in western Germany made that inevitable (BW-Jun.5'48,p107).

Washington is staking everything on the success of a west German state, with its capital in Frankfurt.

U. S. officials know that even a temporary partition could becomerang against us. But they're gambling on being able to make such a good showing that eastern Germany will join up later.

Moscow, of course, is blaming the West for splitting Germany. And Russian propaganda is plugging German unity, with Berlin as the main attraction.

There's been a sharp reversal of policy in the Soviet zone.

The Soviet military governor, Marshal Sokolovsky, is promising his Germans (including Nazis) just about everything—more food, better wages, political and economic freedom.

At Sokolovsky's elbow now is a top MVD (secret police) official frem Moscow. The Kremlin is taking no chances with its current campaign.

Getting support from the German people, even in the western zones, is one of the big problems for Washington.

German industrialists and politicians are complaining about international control of the Ruhr. And most Germans dislike the idea of partition, even if it is temporary.

So you can be sure it will be hard to find German leaders to accept political responsibility. No one wants to be labeled a partitionist.

The German question has France in a political turmoil again.

If the Schuman government topples because of the issue, Schuman's backers are sure to blame the U. S.

Here's the way these Frenchmen see it: The Marshall Plan, the western European alliance, and the agreement on Germany are all part of a single pattern. Without the first two, the German accord makes no sense for France.

But the U. S. has snubbed Europe's plea for arms. And the House Appropriations Committee has slashed the Economic Cooperation Administration's funds for Europe.

The French aren't too pleased, either, with the looks of their ECA bilateral agreement with the U. S. They say it gives Washington a free hand to meddle in French currency, tariff, and trade policies. Also, they resent being bound by the agreement for four years when U. S. funds have been voted for only one year.

ECA was just hitting its stride when Taber's House Appropriations Committee stepped in. (Taber's committee wants to cut aid to Europe from a monthly average of \$358-million to \$266-million.)

Paul Hoffman had O.K.'d shipments to Europe worth \$104-million that week. This brought the total up to \$281-million for eight European countries plus western Germany.

About 65% of this total was to be purchased through private trade channels.

The other 35% was government-to-government procurement. This covered foodstuffs and other scarce items such as brass, tinplate, superphosphate.

Biggest single item was wheat and wheat flour-\$105-million. Next

came coal (\$54-million), then animal and vegetable fibers (\$29-million). Ocean transport was ticketed for about \$59-million.

The World Bank is taking a look at loan possibilities in the Netherlands East Indies.

Eugene R. Black, U. S. executive director of the bank, is on his way to Batavia. He'll spend three weeks there.

The Dutch want to launch a \$500-million reconstruction and development program. They need supplies of every kind-medicines, trucks, ships, machinery (BW-May8'48,p120)—and the cash to buy them.

Before the bank makes any decision on this project it may help the Netherlands another way—by a guarantee operation.

A group of New York banks are working out a big loan to the Hague. The idea is to secure it by a lien on the Dutch merchant fleet and a guarantee from the World Bank.

Germany is now turning out virgin aluminum—despite the Potsdam prohibition.

This will save the U. S. some money. Since the war, German needs for primary aluminum have been met by imports from the U. S. Shipments have been 24,000 tons a year, worth \$7.7-million. As for Potsdam, it's gradually getting to be a dead letter anyhow.

Production started in April. The Toeging plant in Bavaria produced 150 metric tons. A second smelter near Dortmund will get started this month.

By the first quarter of 1949 these two plants should be producing at an annual rate of close to 20,000 tons. The bauxite will come from a stockpile of 270,000 tons that's been kept in Bizonia since the war.

Discount reports that the new Nationalist government in South Africa will flash imports from the U.S.

When the Nationalists were in opposition, they favored buying American aircraft rather than British. And they'll take the same line if it comes to a choice between British and U.S. autos, trucks, tractors. For one thing, Malan's supporters come mainly from rural areas where American vehicles rate high.

However, Malan may do some hard bargaining with the U. S. His backers want to sell us their fruits, wines, and canned fish.

India has a new development plan. It comes from G. D. Birla, leading industrialist and confidant of Indian political leaders. (Birla was one of the authors of the over-ambitious Bombay Plan.)

Here are the highspots of Birla's proposal:

- (1) A five-year investment program totaling \$3.6-billion. The government would put up 62% of the capital, private interests 38%.
- (2) Industry and mining would get \$1.3-billion; agriculture, \$1-billion; transport and communications, \$780-million; social services, \$375-million; power, \$147-million.
- (3) Capital goods worth \$1.5-billion would come from abroad. As far as possible these would be bought in the U. S. (Birla would raise an American loan, if necessary.)
- (4) The government would set up firm wage and living standards. Then it would compel capital and labor to stick by them.

BUS

PAGE 112

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Contents copyrighted under the general copyright on the June 12, 1948, Issue-Business Week, 330 W. 42nd St., New York, N. Y.

BUSINESS ABROAD

Canada's Trade Fair Does World Business

North America's first international trade fair wound up this week end in Toronto, Canada, after a brisk two-week stand. It was patterned after Europe's famous trade fairs, such as the Paris Fair and the Royal Netherlands Fair at Utrecht. By comparison the Canadian show was small; Toronto had about 1,550 exhibitors as against 9,000 in Paris last month. But it drew exhibits from 30 countries and about 30,000 buyers, 10,000 of them from abroad. Sales averaged well over \$1-million a day. Timken Roller

Sales averaged well over \$1-million a day. Timken Roller Bearing of Canton, Ohio, made a \$750,000 sale to India. A Czech machinery company made a \$3.5-million sale to Switzerland. Canadian firms sold to the Netherlands and Mexico; British firms, to the U. S. and Argentina.

So it went in this world market place in Toronto. Canada's Dept. of Trade & Commerce plans a repeat performance about the same time next year.



TRADE FAIR VISITOR SEES . . .

Eugene Kellert of New York gets help from Canadian trade official, Howard Campbell, in deciding what to see



... BRITISH WOOLENS

Tartans from Lehigh Knight, Ltd., sold out during the first week of Fair



. . . CHINESE CERAMICS

Handiwork of Chinese craftsmen was brought from Shanghai by S. H. Wang



... SWISS MACHINE TOOL

Hydraulic jig bore and jig mill from Geneva was shown by Cosa Corp., U. S. distributor



. . . CANADIAN PLASTIC

Sunglasses came from Toronto, center of Canada's plastics industry. This product attracted several foreign buyers

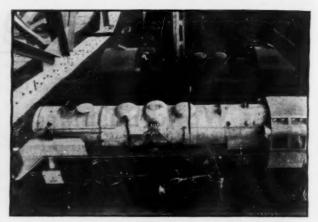


. . U. S. COFFEE VENDOR

Electronic coffee roaster made by Boston's Infra Roast, Inc., sold itself-and Colombian coffee-to Fair visitors







A LOCOMOTIVE from another, all made by . . .

Skoda: Western Industry's New Competitor

Czechoslovakia's sprawling works makes more heavy machinery for more markets - after Communist face-lifting job.

PRAGUE-The Communists are giving the Czech economy a new look. They think they can strengthen it against the ups and downs of "bourgeois capitalism.

Before the war Czech light industries -textiles, glass, small manufactured goods-made up the bulk of the country's exports. The problem: Business all too often depended on good times in the capitalist world.

• Capital Goods-So the Communists are making heavy machinery and machine tools the top Czech export. These, they say, won't be affected by a fickle capitalist market. When the "inevitable depression" hits the West, there will always be a good market in "de-pression-proof" Russia and its satellites. Such a shift is made easily under a

policed economy. What it means can be seen from a look at Czechoslovakia's sprawling Skoda Works-the largest heavy engineering corporation in Central Europe and the backbone of the Czech economy.

· No Annovances-Like all Czech industries employing more than 50 persons, Skoda is owned and operated by the state. Thus, it has no such petty annoyances as wage disputes and competition for materials.

Before the war, Germany's powerful Krupp combine eclipsed Skoda somewhat. Now, with its plants rebuilt and its management cut to the political pattern, Skoda is going all out to fill the gap left by the fallen Krupp empireand as much more as possible. Eastern Europe is its prime market, but it is grabbing as much of the West as production will allow.

· Variety-A list of destinations for Skoda machinery and machine tools reads like the index of a Rand McNally atlas. A Skoda alcohol distillery, whose 55,000-gal. per day output makes it the largest in the world, is now being delivered to Argentina. A similar plant is earmarked for Syria.

Two sugar nills from Skoda were recently shipped to Russia; one each went to Yugoslavia, Finland, India, Uruguay, Iran, Morocco, and the Netherlands. Turkey, Bulgaria, Iran, Afghanistan, and Palestine have ordered large-scale refrigeration plants from Skoda. And Skoda railway tank-cars are being sent to Rumania and Turkey. In all, about 40% of Skoda's exports go to Russia and its satellites.

• Averages Rise—Figures aren't available for output at the various Skoda plants; but there is data on the Czech smelting and metalworking industry. Skoda accounts for such a big chunk of it that the following quarterly averages show the general trend (in thousands of tons):

	1937	1947	1948
Pig Iron	401	338	398
Steel	574	569	646
Castings	69	.77	98
Rolled Products	406	403	453
Machine Tools	374	2 573	2 645

• Proof-or Fear?-Taken at their face value these figures show heavy increases over prewar-especially in the vital machine-tool line. Communist economists say that this is proof of their "incentive" system. But more likely it is the result of a genuine national fear of a revived Germany. The real objective of most Czechs today is to strengthen their economy to the point where their country will never again have to rely on Germany.

The nationalized Skoda Works covers just about the same territory as the private corporation did. Headquarters is still at Pilsen (in Bohemia) where the plants turn out locomotives and heavy

plant machinery (pictures).

• Recovery—The U. S. Army Air Force knocked out the Pilsen works in April, 1945-shortly before Gen. George Patton arrived to liberate the town. But the plants have been completely rebuilt. Production, according to the local Works Council, is now 25% above prewar. The Pilser locomotive shop has just turned out its 200th locomotive since the shop was rebuilt.

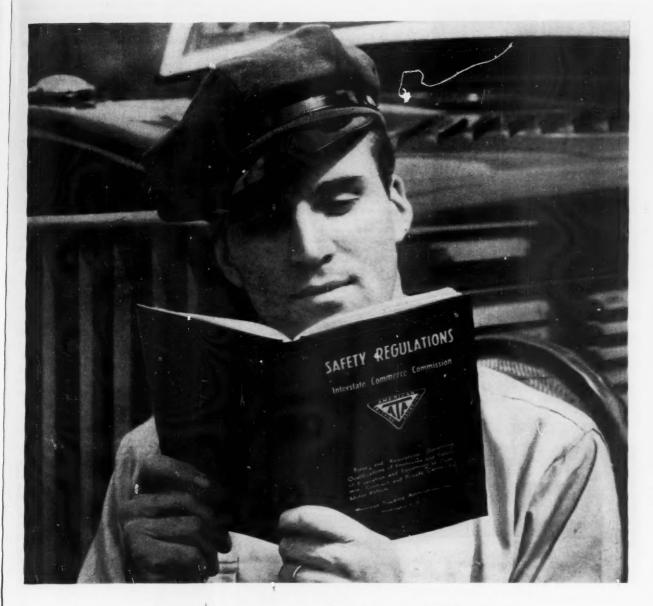
A new Skoda product—a miniature mechanical shovel—recently made its debut at the Pilsen works. Called D500, it weighs 20 tons, will dig trenches and ditches, pack and ram soil, or serve as a piledriving unit. (Skoda's biggest mechanical shovel weighs 7,350 tons, has a capacity of 255 cu. ft.)

• Branches-Skoda branch factories are scattered over the length and breadth of Czechoslovakia. One at Prague turns out diesel engines and machine tools. Another at Brno (in Moravia) makes electrical equipment. One at Adamov (in Moravia) supplies Skoda's railway equipment. And one at Dubnica (in Slovakia) produces various types of plant

Skoda's plant at Hradec Kralove (east of Prague) made munitions during the war, has now switched to boiler housings and machinery for sugar mills, breweries, distilleries, and the chemical industry. Another Skoda factory makes electric motors and transformers.

• Shipbuilding-Skoda also has some shipyards at Bratislava on the Danube. From these will come barges to start trade again on Europe's inland waterways. Ten welded-hull barges of 1,000ton capacity have just come off the ways. Ten more are under construction.

Skoda inherited a few new branches when it became the ward of the Czech government. These include a bridge-building company, a hard metal tool factory, and a steel mill. At the same time,



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Stair Railings (cast and wrought)
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Grilles and Wickets
Kick and Push Plates
Push Bars
Cast Thresholds
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it shed an automobile factory, an iro works, and a construction company—a formerly part of the private corporation.

• Specializing—This reorganization, sathe Czechs, makes Skoda's production.

the Czechs, makes Skoda's production more specialized, insures its supremacy in Central Europe in diesel engines, turbines, and complete equipment for industrial plants. And Skoda is the king pin in the Communist drive to make Czechoslovakia a leading exporter of capital goods.

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BUSIN

As Skoda production has the favored position in the Communists' over-all planning, so Skoda workers are rated among the favored few today.

• For Labor-During the postwar rebuilding of the Pilsen works, dining rooms, showers, and locker rooms were installed. Workers get large jugs of the famous Pilsen beer at their benches. A new suburb to house 5,000 workers and their families will be ready for occupancy in three years. It will boast modern apartment houses, a theater, and a movie house—by no means the general thing in Czechoslovakia today.

The labor force at the Pilsen works, 25% of it women, work only one shift a day—6 a.m. to 2 p.m.—six days a week. The plants close down for three weeks in the summertime for holidays. Before the war holidays lasted only one week

 International Air—But to the western world the most important thing about



TOMORROW'S EXPORTERS

Michael Mora (right) of New Orleans' International House congratulates a member of the first graduating class of the New Orleans Export-Import Institute. Sponsored by International House and the Orleans Parish School Board, the institute was set up to give veterans an 18-months' course in the export business. Included were six months of on-the-job training at various New Orleans' export firms.

THE THE REPORT OF THE PROPERTY OF STREET

Pilsen is the international atmosphere in the shops. Skoda's export drive is being brought home even to the workers. Destinations are stenciled on half-finished jobs. Placards on the walls read: "Russia gave us her wheat in time, give Russia our machines in time." They serve notice to the West that a new and different competitor will have to be reckoned with in the world market.

And the West should not regard Skoda only as Czechoslovakia's greatest asset; it also bulks large in Russia's eastern European plans. Moscow has promised to bring industry to all its satellites. If Moscow delivers the goods, a lot of them will be trade-marked "Skoda."

Trade Bogs Down

Marshall plan nations snarl over trade payments. With credit drying up, ECA may have to step in.

PARIS—Trade between the Marshall Plan countries is bogging down. This is happening even while production figures are going up almost every week in western Europe. The stumbling block: a breakdown in Europe's system of payments. For U. S. business, that breakdown will sooner or later come close to home. The eventual solution will probably have to be found by the Economic Cooperation Administration.

The Organization for European Economic Cooperation—Europe's opposite of ECA—hasn't come close to licking the problem yet. True, it has a special committee trying to balance intra-European trade and Robert Marjolin, OEEC's secretary general, says the committee will stay in session until it finds a solution. Two weeks of currency juggling, though, have got the committee nowhere.

• France's Problem-The OEEC committee is tackling a serious problem. One of the most acute sore spots-but by no means the only one-is France's big trade deficit with the sterling area. For the first four months of 1948, France had a favorable trade balance with Britain-but only with Britain; French exports to its cross-channel neighbor totaled \$39-million, imports \$25-million. With the other chief countries of the sterling area, France had a heavy deficit for the same period; imports totaled \$65-million, exports only \$5-million. (Purchases in the sterling area included such essentials as petroleum, nonferrous metals, wool, cotton, and jute.) As a result, France's holdings of sterling in London-estimated late in 1947 to be £50-millionare about to disappear.

Several stop-gap efforts are under way



In Cleveland, good citizenship has not only made good government, it has also produced one of the nation's finest cultural centers. And commercially, the great competitive spirit which has made Cleveland our sixth largest city is reflected in its constantly expanding skyline. Here again, a famous skyline also marks the progress of Otis. Two-thirds of the elevator installations in Cleveland are by Otis. The latest count is 2,560!

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LOEW'S INCORPORATED THEATRES EVERYWHERE

May 26, 1948

THE Board of Directors has declared a quarterly dividend of 37%c per share on the outstanding Common Stock of the Company, payable on June 30th, 1948, to stockholders of record at the close of business on June 11th, 1948. Checks will be mailed.

CHARLES C. MOSKOWITZ, Vice President & Treasurer

to haul France out of its monetary hole. Last week French Finance Minister Meyer announced that the Bank of England is lending the Bank of France £10million until Sept. 30, 1948. Belgium is apparently ready to advance France a sterling credit of £5-million. This loan has hit a snag: The Belgians and the British can't agree on the method. London has been struggling for months to solve its own balance-of-payments deficit with the Belgians.

• Belgium's Problem-Advancing credit to debtor countries has been common practice in Europe since the war. The British, for example, have extended large credits to France before. And Belgium has been the banker for most of the countries. Brussels has advanced a total

of \$260-million to keep Belgian exports up. But now this line of aid is snapping Here's why: The Belgians are insisting they can go no further-they can't sel forever on credit; they need gold or dollars to buy the goods they can't get directly in return for their exports.

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BUSII

· Some Solutions-The French government has some other solutions up it sleeve. One would be to cut its oil im ports from the Middle East. And there is talk of trade missions to boost French exports to the British Dominions. But these missions will run smack into Britain's own export drive, just as Italian sales drives have. Boosting exports is generally a slow job, in any case. And cutting imports may deprive the nation of vital materials; it also reduces the

Wages and Prices, Here and Abroad

PARIS-Everyone knows American wages are the best in the world. What's not so generally appreciated is that, despite the high wage level, American prices often compare favorably with those in other coun-

A French government agency, the Centre National du Commerce Exterieur, has just published a sample comparison, covering prices and wages in New York, Paris, Stockholm, Cairo, and Montreal. Official exchange rates were used in converting local currencies to dollars.

Low prices in European cities are, in many cases, solely due to the fact that strict rationing is still in force. Prices will stay pegged as long as severe shortages exist. But even so, none of the European cities can beat New York prices for such items as sugar, radios, blankets, tires, and gasoline.

	Paris	Stockholm	Cairo	Montreal	New York*
Laborer, monthly basic wage	\$44.20	\$98.00	\$16.30	\$110.00	\$140.00
Stenographer, starting salary, monthly	47.50	83.50	60.50	105.00	180.00
Grad. engineer, starting salary, monthly.	70.00	167.50	102.00	200.00	250.00
Bread, lb	.05	.13}	.10}	.081	.16
Milk, qt	.12	.10	. 25	.18	. 22
Eggs, doz	. 93	.82	.39	.50	.65
Beef, 1st quality, lb	1.05	.42	.78	.68	.73
Sugar cubes, lb	.14	.09	.11	.12}	.09
Popular cigarettes, pack	.22	.50	.24	.35	.174
Suit, 2-pc. ready-made, good qual	44.00	58.00	41.00	56.00	51.00
Shirt, good quality poplin	3.70	8.50	5.00	4.50	3.50
Shoes, leather, good quality	7.00	10.30	7.50	10.00	8.00
Dress, printed cretonne	11.60	8.40	5.35	13.50	9.75
Stockings, nylon	1.40	2.65	3.50	1.65	1.60
Permanent wave	3.25	5.60	8.20	15.00	9 75
Blanket, single wool	9.30	22.40	17.20	13.00	8 00
Sheets, single cotton, pair	6.50	6.50	6.00	10.00	6.00
Towels, doz	9.30	9.30	18.60	18.00	12.00
Radio, popular model	58.00	51.00	102.00	45.00	30.00
Iron, electric, good quality	8.35	4.40	12.00	14.00	9.75
Kitchen stove, electric	116.00	111.00	185.00	180.00	150 00
Daily paper	.021	.05 }	.041	. 05	.05
Picture magazine	.14	.14	.12	.15	15
Detective novel	.184	.83)	.41	25	. 25
Lunch, in moderate restaurant	1.15	.97	1.20	1.50	1 00
Liquor, drink in a bar	. 23	56	.33	. 75	60
Soft drink, soda fountain	.119	25	.21	15	15
R. R. ticket, 2nd class, 100 miles	2.42	5.25	2.64	3 24	3.24
Gasoline, gal	.51	.75	.53	.31	.24
Tire, 6.00 x 16	15.30	22.80	28.00	20.00	15.00
Apartment, 3-room, rent, month	6.20	70 00	62.00	90.00	60.00
Electricity, domestic rate, kwh	.075	.07	.093	.019	.037
Gas, 1,000 cu. ft	1.44	1.18	2.10	1.05	. 65

^{*} Figures given by the French agency for New York are out of date in some cases. Some changes: Unskilled day laborer, monthly basic wage, \$270 (April, 1948, wage for construc tion work in New York); graduate engineer, starting salary, \$300. Also low are prices for

international trade which western Europe is pledged to expand. So the chief hope is placed on a general method of settling payments, to be reached by the OEEC committee.

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• New Credit-OEEC's answer will have to be the injection of new credit from outside. This can be done to some extent by the International Monetary Fund. The Fund is reportedly already swamped by demands from its European members for Belgian francs. But, essentially, outside money means ECA money—from America.

At the recent Brussels conference it was proposed that a multilateral currency clearing fund be set up; each of the 16 western European nations would contribute to it. The contributions would be part ECA dollars, part local currencies raised through the sale of goods provided by ECA for relief. Each nation would contribute in proportion to the amount of ECA aid it received.

• ECA Holds Key—Now the problem is: How much of the fund will come from creditor nations such as Belgium, how much from debtor nations such as France? The answer to this question, and a lot of others, will have to come from ECA. In the end, ECA chief Paul Hoffman will probably have to decide.



AMERICAN GOES BRITISH

Grenville R. Holden, vice-president of Sylvania Electric Products, Inc., has just been named a director of Thorn Electrical Industries, Ltd., of London. Over the next few years Sylvania plans to buy "a substantial minority interest" in Thorn. The cash will come from fees which Thorn will pay for Sylvania plans and know-how. This week, Holden was off for England to put the deal in motion. At the same time he will study the possibilities for a similar agreement with a French firm.

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THE TREND

Money to Burn

Businessmen can feel mighty comfortable about probable sales volume all through 1948-on the basis of the latest Survey of Consumer Finances issued by the Federal Reserve Board (BW-Jun.5'48,p23).

That survey shows that consumers intend to keep on spending at a high rate. They plan to spend even more money this year than last for autos and houses and other durable goods. And they have a sockful of money to

make good on those intentions.

High-level employment and high wage rates prevailing since the war have made it possible for consumers to buy a lot of goods out of current income. So, the money supply of individuals has not yet been dissipated in the postwar spending spree-although there are signs in the survey that the rate of saving has slowed down, and that there are fewer people with liquid assets.

The general tone of the FRB survey is bullish. Industry is given a new assurance that there still is a big backlog of demand. Overproduction and unemployment are

not in sight on the near horizon.

But there is a cloud in the sky that can bring on foul weather eventually. This cloud-inflation-has been developing for some time; since the end of the war, prices have been mounting higher and higher. Living costs are up roughly two-thirds since prewar.

Now, before inflation gets too big, there is an opportunity to take steps to ward off the storm. In fact, this is the ideal time. The huge supply of money available can be a potent force to keep the national economy on a high level. Its potency will be lost if inflation continues unchecked. Dollars of individuals-in banks or in bonds or in mattresses—would have to be used to pay current living costs. The liquid assets would evaporate.

Efforts to hold down inflation so far have not been successful. Labor's continued demands for more money in the pay envelopes have aided inflation. The third postwar round of wage increases, now under way, will help to keep the spiral moving upward. Management's price rises to offset higher wages and material costs have also kept

inflation on the move.

Anti-inflationary steps have been few and far betweenor too late. Isolated attempts by individual manufacturers to reduce prices and oppose wage increases have not been successful. The federal government has not done so well either. The plug was pulled last winter on support prices for government bonds until they dropped to par. Perhaps the most courageous thing to do-and the hardest blow to inflation-would be to toss out the support policy entirely. If higher interest rates on government bonds would put up bank lending rates enough to check that kind of credit inflation, it would be another good move.

These are only a few of the inflation restraints attempted or studied. More attempts, if not more study, are needed. But even more sorely needed is early actionaction to be taken while a big money supply is still in the hands of consumers to keep the marts of trade as busy as they are today.

Of course, it can be argued that the very existence of a huge money supply is a reason for high prices. But that gives us all the more reason to prevent a further increase in the money supply via credit expansion. And it is worth remembering that money supply is not the only source of upward pressure on prices. It is equally important to watch the other inflationary pressures-and to do something about them.

No Time to Change

Congressmen have to develop hard shells to shield themselves from eternal complaints because (1) They don't get around to passing certain pieces of legislation, or (2) they pass legislation which somebody didn't want to become law.

Last year, they were lambasted with criticisms because the Taft-Hartley bill was passed. Labor unions condemned the bill as a "slave labor" measure. Many employer groups also were griping because they thought Congress didn't go far enough.

This year, congressmen's ears are still ringing from the continual din of union voices calling for repeal of that

statute. Those complaints have been ignored.

So have suggestions from employers that more teeth ought to be put in the law, that other union practices should be outlawed, and that a way must be found to

stop John L. Lewis in his tracks.

The door was slammed politely last week on all comers who wanted any tinkering done with the T-H law this year. The joint congressional committee on labor-management relations did the slamming. After holding hearings for several weeks, and after a practically continuous study of the law since it was adopted, the committee voted against recommending any changes at this session of Congress.

We think the committee did the right thing. And we will not weaken our commendation by saving that the decision may have been made wholly or partly for political

reasons.

It's a good idea to let the statute stand unchanged until at least 1949 because: (1) There has not been enough time to live with the act and learn what effect it has on management-labor relations; (2) there has not been enough time for the National Labor Relations Board to work out all the administrative problems arising from the act; and, (3) tests of controversial sections have made little progress through the courts.

Labor and management will do well, in our opinion. to join the "watchdog" committee in observing with patience the T-H act in operation. Then they may come to a mature consideration as to whether the law

should be amended or not.

